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ABSTRACT

This publication provides information on the sources and amounts of funds available for prekindergarten to postsecondary education in Illinois common schools during the 1992-93 school year. Information is provided on the sources and uses of state revenues, sources of local revenues, school-reform legislation, and legislation that affects the financial management of schools. Tax-rate limitations, interfund transfers, short- and long-term borrowing, and information on the required recording of district revenues and expenditures are included. State programs and their funding are described in the first chapter. Chapter 2 highlights federal programs and their funding. The third chapter summarizes recent state legislation that primarily affects instructional programs, school-district accounting practices, and other financial issues. Chapter 4 covers school-district reorganization alternatives and activities. Topics related to school-finance practices are examined in chapter 5. Chapter 6 describes the activities of the Illinois Financial Accounting Committee, a report by the Task Force on School Finance, and efforts dealing with financially troubled school districts. Ten tables and seven figures are included. Appendices contain a glossary, bibliography, graphs of general state aid distribution, and representative forms and worksheets. (LMI)

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STATE, LOCAL AND FEDERAL FINANCING FOR ILLINOIS PUBLIC SCHOOLS, 1992-93

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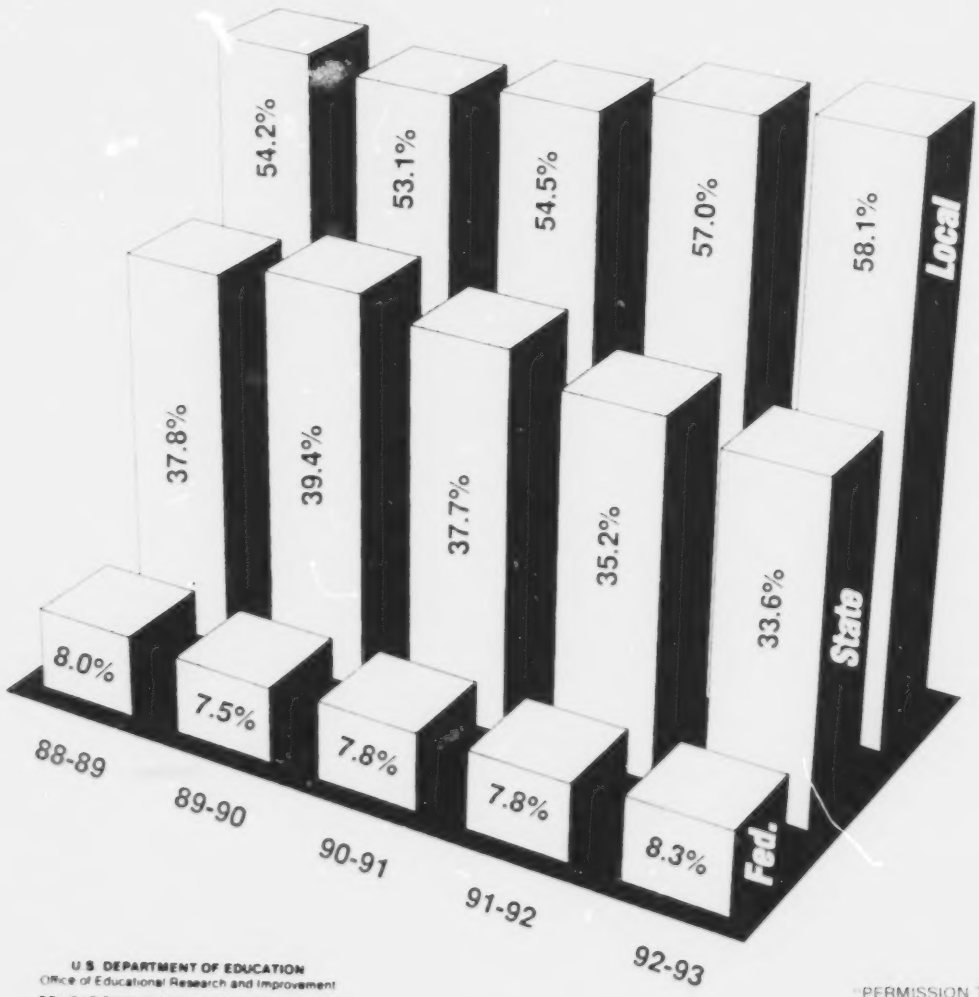

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State, Local, and Federal Financing

for

Illinois Public Schools

1992-93

March 1993

Louis Mervis, Chairman
Illinois State Board of Education

Robert Leininger
State Superintendent of Education

Foreword

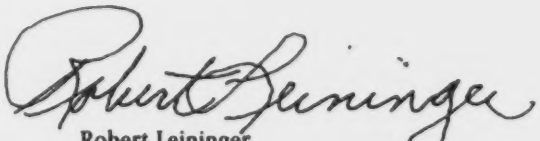
State, Local, and Federal Financing for Illinois Public Schools, 1992-93 provides information on the sources and amounts of funds available for pre-kindergarten to post-secondary education in Illinois common schools. The publication contains a summary of Fiscal Year 1993 appropriations to the Illinois State Board of Education, as well as appropriations for educationally related purposes made to other state agencies.

Information is provided on the sources and uses of state revenues, sources of local revenues, school reform legislation, and legislation which affects school financial management. Tax-rate limitations, interfund transfers, short- and long-term borrowing, and information on the required recording of district revenues and expenditures are included.

State programs and their funding are included in Chapter I. Federal programs and their funding are included in Chapter II. Chapter III summarizes recent state legislation mainly affecting instructional programs, school district accounting practices, and other financial issues. Chapter IV covers school district reorganization alternatives and activities. Chapter V covers topics related to school finance practices. The activities of the Illinois Financial Accounting Committee, a report on the Task Force on School Finance and efforts dealing with financially troubled school districts are included in Chapter VI.

This publication is intended to serve as a source document for obtaining a basic understanding of Illinois school finance. It can serve as a discussion guide, an outline for individual and group analyses, and supplementary reading in school finance courses. Because much of the information in this document provides an abbreviated treatment of complex matters, further study is necessary for a complete understanding of the subject of school finance and program funding in Illinois schools. Included as appendices are a glossary, a school finance bibliography, graphs of general state aid distribution, and representative forms and computation sheets.

The information this year has been compiled by the State Board of Education, Department of School Finance, with input and assistance from other departments within the State Board of Education, and the Bureau of the Budget. Contributions to the 1992-93 update information have been made by Dr. Louis D. Audi, John T. Dee, G. Darrell Elliott, Dr. William L. Hinrichs, Dr. David W. Scott, Patrick L. Toomey, and Carol Groves of the Department of School Finance and many others of the program staff. Mary M. Johnson and Lynn Rhoades, Staff Support Services, provided the typing/word processing services. Publication of this year's monograph was under the direction of Gary V. Ey, Assistant Superintendent, Department of School Finance.



Robert Leininger
State Superintendent of Education

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Overview

Revenues for Illinois common schools for the 1992-93 school year (state Fiscal Year 1993) total an estimated $10,345.6 million. In Illinois, as in most other states, education is financed through a combination of state, local and federal monies. The state portion of these 1992-93 revenues is $3,475.4 million (33.59%), the local share is an estimated $6,007.3 million (58.07%), and the federal share is $862.9 million (8.34%).

State Funding

State revenues which support Illinois elementary and secondary schools are provided for a variety of legislatively established programs. The majority of the state support for schools (61.02%) is allotted through the General State Aid (GSA) formula. For Fiscal Year 1993, a total of $2.121 billion in General State Aid will be distributed to 932 school districts, two state laboratory schools and fifteen alternative schools. The amount provided to each school district varies with the relative wealth of each district (as measured by property values), the number of students attending a district's schools, a measure of the incidence of poverty within a district's student population, and the local tax effort exerted by the school district (as measured by minimum qualifying property tax rates).

Other major state financial support for schools is in the form of categorical and special program grants and grants for school reform and improvement initiatives. State categorical grants include funds for special education, transportation, vocational education, school lunches and breakfasts, bilingual education, textbooks, adult education, and gifted and remedial student programs. Reform and school improvement programs, most enacted in 1985, provide additional program grants for schools. Major funding is provided for at-risk programs such as preschool education, elementary school reading programs and truancy and dropout prevention projects. For the 1992-93 school year, state appropriations for categorical and special programs totaled approximately $713 million. School improvement funding totaled approximately $169 million.

The state also provides for the employer's (school district) contributions to the two pension systems in which Illinois elementary and secondary teachers participate. State appropriations for the Illinois Teachers' Retirement System and the Chicago Teachers' Pension and Retirement System totaled $330.6 million for Fiscal Year 1993.

Included in our listing of state support for education are state appropriations for educational purposes other than the operation of the common schools. Among the items included are capital projects funding, support for public and nonpublic school equipment purchases, literacy program grants and grants for reimbursement to parents or guardians for the costs of school transportation expenses.

Local Funding

The primary source of local funding for Illinois schools is the local property tax. The estimates of local revenues in this publication are based upon the local real property tax authority of schools and the receipts of corporate personal property replacement taxes. Excluded from these estimates are proceeds from the sale of bonds, income from the sale of property or equipment, investment income, fees and assessments, revenues from food program sales, and other miscellaneous income, such as impact fees from real estate developers.

Illinois real property values and related taxes are established on a calendar-year basis. Property assessments for the 1991 calendar year provide the basis for property tax revenues distributed in calendar year 1992. State-directed multiplier adjustments are designed to assure equal valuation treatment across Illinois' 102 counties. Equalized Assessed Valuations (EAV) represent the taxable property base for schools as certified by the Illinois Department of Revenue.

The estimates for local property tax revenues for 1992-93 used in this publication are approximations of the property tax levies for the 1991 tax year. This represents tax extensions in 1992. This 1992 estimate of $5.710 billion is based upon estimated district tax rates for 1991 taxes payable in 1992. Actual property tax receipts to a district in 1992-93 will vary as a result of collection differences, local accounting practices and the tax rates adopted in December 1991. This is also the first year that the provisions of the Property Tax Extension Limitation Act apply to the "collar counties."

The other major source of locally related revenue for schools is corporate personal property replacement tax (CPPRT) revenues. Until 1979 Illinois law allowed the taxation of the personal property of businesses. This revenue source was eliminated in 1979 and replaced with an alternative tax on Illinois businesses. The CPPRT imposes a state-collected tax on the net income of businesses (corporations, partnerships and trusts) and an invested capital tax on utilities. The proceeds of this tax are distributed to local taxing bodies in proportion to the relative share of personal property taxes received by these local taxing bodies prior to 1979. Collectively, public schools receive approximately 52 percent of the replacement revenues generated by the CPPRT. The remaining revenues are distributed to over 4,900 other units of local government.

It has been reported by the Illinois Department of Revenue that $288.7 million in CPPRT was distributed to local schools in the 1992 fiscal year. It is estimated that about $297 million in CPPRT will be distributed to local schools during the 1992 calendar year and about $305.5 million in Fiscal Year 1993.

Federal Funding

Federal financial support for the nation's schools is provided primarily through grants and reimbursements from the U.S. Department of Education and the U.S. Department of Agriculture made to state education agencies. Most federal financial aid is directed toward the support of students from low-income households or is limited to support for special programs or populations.

Virtually all federal support for schools in Illinois is granted to the Illinois State Board of Education (ISBE) and distributed, in turn, by ISBE to local school districts. Just over $852.9 million for various federal programs has been appropriated by the Illinois General Assembly for the 1992-93 school year. Of this amount, approximately $827.4 million will be available to local educational agencies, with the remainder appropriated to ISBE for the administration, monitoring, and program support services provided directly by the State Board of Education.

The two largest federal funding sources are the Chapter 1 Elementary and Secondary Education Act (ESEA) program ($321 million) and the U.S. Department of Agriculture's school food programs ($264 million). Other significant federal funding is provided for special education ($82 million), vocational education ($47.6 million) and school improvement (ESEA, Chapter 2) programs ($17.5 million).

The only significant federal funding provided directly to local schools in Illinois is federal Impact Aid. This assistance, which offsets the loss of potential local property taxes attributable to federal use of property in a district, totals approximately $10 million for the 1992-93 school year.

Organization of This Publication

The remainder of this Overview section provides summary information on the recent history of state, local and federal funding for Illinois schools. Also included is a brief summary of the overall budget of the State of Illinois, as well as information on the number of students and school districts in Illinois.

Chapter I presents detailed information concerning state programs and basic state requirements related to the operation of the common schools in Illinois. A brief description is provided of the various programs supported by state funds. If more understanding of these programs is required, please contact the specific program administrators directly.

Chapter II provides a summary of the purposes, limitations and funding for the various federal educational programs operating in Illinois schools.

Chapter III provides brief synopses of recently enacted legislation affecting instructional programs, accounting practices and other financial issues.

Chapter IV provides information on school district reorganization. Included are discussions of the various reorganization alternatives available to school districts and a brief summary of the results of such reorganizations from Fiscal Year 1981 through Fiscal Year 1993.

Chapter V provides information on school finance and accounting practices and procedures. Included are discussions of property tax levying procedures, tax-rate limitations, fund and interfund accounting matters, short-term and long-term borrowing limitations, revenue and expenditure accounting requirements and related administrative items.

Chapter VI provides information on the identification and monitoring of financially troubled school districts. Information on the role and contributions of the Illinois Financial Accounting Committee is included. House Joint Resolution 18 (86th General Assembly) created a Task Force on School Finance; Senate Joint Resolution 1 (87th General Assembly) increased the size of the Task Force and extended its life. Information on the organization and goals and objectives of the Task Force is included in this chapter.

Twelve appendices conclude the publication. The appendices include charts and forms related to General State Aid, a glossary of terms, and a school finance bibliography.

State Sources of Revenues

For Fiscal Year 1993, state revenues to all funds will total an estimated $23.7 billion. Major sources of state revenues are the individual and corporate income tax (approximately 22.1 percent of estimated total 1993 revenues), federal grants and reimbursements (25.8%), the Retailers Occupation and Use (sales) Tax (18.2%), the motor fuel taxes and fees (7.1%), and the gross proceeds of the Illinois State Lottery (4.4%). Taxes on alcohol, tobacco, pari-mutuel betting, real estate transfers and private car sales, along with various other fee licensure and transaction proceeds, are included as part of total state revenues. The state also raises revenues from the sale of general obligation and other bonds.

Figure 1 depicts the projected state revenues to all funds, by major source, for Fiscal Year 1993. The percentages of revenues from these sources show a slight variance from Fiscal Year 1992. The percentage of revenue from the income tax decreased slightly. The percentages of revenue from the road taxes and fees, sales tax, state lottery, and minor sources of revenue decreased; the percentage of revenues from federal aid increased.

State revenues and appropriations (spending authority) are accounted for by assignment to various fund groupings. The general funds, the largest fund grouping, constitute the majority of appropriation authority.

Funding for Illinois schools is provided primarily through the general funds grouping of the State of Illinois. This grouping includes the General Revenue Fund, the Common School Fund, the Education Assistance Fund, and the Common School Special Account Fund. Included in the revenue accounting of these general funds are the net proceeds from the Illinois State Lottery, which

are deposited to the Common School Fund of the state. The major sources of revenue to the general funds of the state are the sales tax, the income tax, the public utilities tax, and net lottery proceeds. The lower portion of Figure 1 depicts, by source, the revenues of the general funds of the state for Fiscal Year 1992 and an estimate of comparable revenues for Fiscal Year 1993.

As shown in Figure 1, the revenues of the general funds are projected to be $14.823 billion in Fiscal Year 1993, an increase of $606 million over Fiscal Year 1992. Sales taxes are projected at $4.089 billion for Fiscal Year 1993, an increase of $103 million over Fiscal Year 1992. Income taxes (corporate and individual) are projected to increase from $5.054 billion in Fiscal Year 1992 to $5.245 billion in Fiscal Year 1993, an increase of $191 million.

The projections of state income depicted are based upon information provided by the Illinois Bureau of the Budget.

State Lottery Proceeds

The proceeds of the Illinois State Lottery represent a significant source of state revenues. Approximately 40 percent of the sales of the state lottery become net revenue for the state. In Fiscal Year 1992 lottery sales of $1.525 billion generated approximately $610 million in net proceeds for state government. (A portion of the gross proceeds from the Lottery are used to make payments to prize winners.)

The Illinois State Lottery was enacted in 1973. The first lottery proceeds were available in Fiscal Year 1975. Until mid-1985 lottery proceeds were deposited to the state's General Revenue Fund. As a result, lottery proceeds benefited education and other state-operated programs and services. A 1985 change in state law provided that all net lottery proceeds be deposited to the Common School Fund.

As a result of this 1985 legislation, all net lottery proceeds are dedicated solely to elementary and secondary education. This fact, however, has become a source of public confusion. Many mistakenly believe that this shift in state accounting practice provided additional revenues to support education. This is not the case.

Prior to this 1985 change, a majority of spending from the Common School Fund was the result of transfers into the Common School Fund from the General Revenue Fund. With the 1985 change, the amount required from the General Revenue Fund to meet appropriations from the Common School Fund has been reduced by the available lottery proceeds. In short, this accounting change, while assuring that lottery proceeds are spent entirely on elementary and secondary education, has reduced reliance upon monies from the General Revenue Fund for education spending.

The $650 million in lottery proceeds expected for Fiscal Year 1993 does clearly assist the state in funding elementary and secondary education. Without this fourth largest source of state operating revenue, the ability for the state to meet its funding obligations to education would be diminished. Lottery revenues represent about 18.7 percent of the state revenues supporting elementary and secondary education.

Table 1 provides a comparison of net lottery proceeds to total appropriations for elementary and secondary education from Fiscal Year 1975 to Fiscal Year 1993.

Other School Fund Revenues

In addition to lottery proceeds, revenues to the Common School Fund come from a variety of other sources. One-fourth of the state share of revenues from the Retailers' Occupation and Use Tax (commonly referred to as the state sales tax) is deposited into the Common School Special Account Fund. Portions of the receipts from the Bingo Tax Act and the Cigarette Tax Act are deposited to

TABLE 1

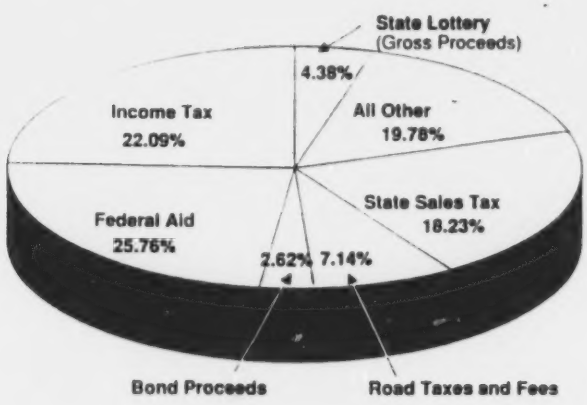
Net Lottery Proceeds Compared to Total Appropriations for Elementary and Secondary Education ($ in millions)

Fiscal Year	Total Appropriations	Net Lottery Proceeds	
		Amount	% of Total
1993	$3,475.40	$650.00[a]	18.70%
1992	3,433.90	610.00	17.76
1991	3,499.60	590.00	16.86
1990	3,487.50	594.00	17.03
1989	3,000.10	586.10	19.54
1988	2,866.40	524.41	18.30
1987	2,985.40	553.06	18.53
1986	2,767.90	551.79	19.94
1985[b]	2,427.90	502.83	20.71
1984	2,236.10	365.40	16.34
1983	2,103.20	216.30	10.28
1982	2,243.30	138.61	6.18
1981	2,328.10	90.35	3.88
1980	2,218.50	33.15	1.49
1979	2,128.90	32.63	1.53
1978	2,040.90	33.54	1.64
1977	2,000.60	43.63	2.18
1976	1,988.10	75.95	3.82
1975	1,631.00	55.19	3.38

[a] Estimate

[b] Beginning in FY 85, net lottery proceeds were deposited into the Common School Fund

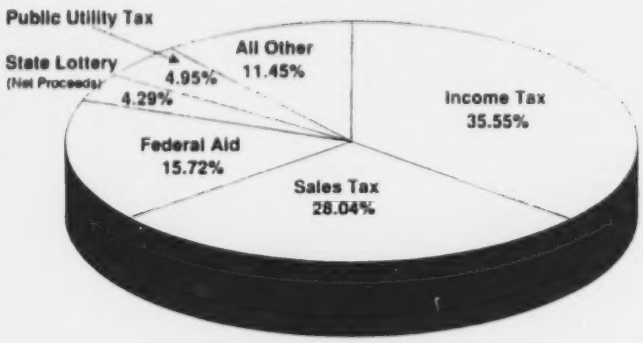
FIGURE 1
Estimated Revenues By Source All Funds
State Fiscal Year 1993



ALL FUNDS: $23.746 Billion

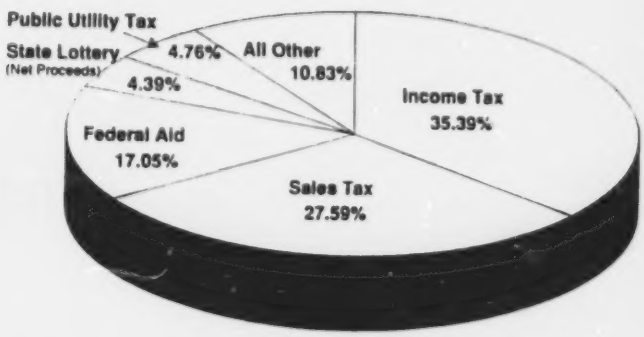
Estimated General Funds by Source

Fiscal Year 1992



Total: $14.217 Billion

Fiscal Year 1993



Total: $14.823 Billion

Source: Estimates provided by Illinois Bureau of the Budget

the Common School Fund. In addition, a portion of the revenues from the Telecommunications Act (interstate messages tax) is deposited to the Common School Fund. Revenues from River Boat Gambling also go into the Common School Fund.

Other earmarked sources of revenues to the Common School Fund exist, though most of these contribute only small amounts to the fund. An additional source of earmarked funding for school-related activity is derived from portions of drivers' license fees and license-related fines. These monies are appropriated for the support of drivers' education and safety programs.

Uses of State Revenues

Myriad programs and services are supported by the revenues and appropriations of the State of Illinois. In addition to the direct and contracted provision of services including public assistance, mental health, corrections, and highway construction and maintenance, the state provides a wide range of grants and reimbursements to units of local government including school districts. The state also collects and distributes certain revenues on behalf of units of local government (local sales taxes and regional transportation taxes).

Across all funds, state government appropriations for spending in Fiscal Year 1993 totaled $28.909 billion, which is an increase over Fiscal Year 1992 of $74 million or 0.26%. The Fiscal Year 1992 and Fiscal Year 1993 distributions of appropriations for all funds are shown in the left side portion of Figure 2.

Approximately $6.96 billion, or 24.1 percent, of the total state Fiscal Year 1993 appropriations across all funds is for elementary and secondary and higher educational purposes. The total for elementary and secondary education is $4.252 billion, or approximately 14.7 percent of all state appropriations. This total includes $852.7 million in federal education funds appropriated to the Illinois State Board of Education, as well as $86.4 million in appropriations and reappropriations made to other state agencies.

The total (all funds) appropriations, reflected on the left side of Figure 2, support a wide variety of state government activities. A more traditional view of state government activities is represented by the operating budget of the state, reflecting the appropriations from the state's general funds. The right side of Figure 2 reflects appropriations from the general funds. In the main, the general funds of the state are represented by the appropriations from the General Revenue Fund, the Common School Fund, and the Education Assistance Fund. Excluded from the general funds are the various capital building and transportation funds of the state, activity associated with most debt service, certain state distributive aid, revolving funds and university income funds.

Figure 2 also provides comparative information on the appropriations from the state's general funds for various services. The Fiscal Year 1993 appropriation total of $13.215 billion for operating purposes represents a decrease of some $608 million from the comparable Fiscal Year 1992 appropriations.

Since most education appropriations are from the general funds of the state, education overall represents a larger share of the operating budget appropriations of the state than of the total appropriations. Appropriations for all educational activity (higher education and common schools) are 37.3 percent of the General Funds appropriations for Fiscal Year 1993. Elementary and secondary education appropriations for Fiscal Year 1993 represent 25.2 percent of total general funds appropriations.

There are significant differences between the revenues shown in Figure 1 and appropriations as shown in Figure 2. These differences are largely attributable to interfund transfers and reappropriations.

Proportions of State, Local and Federal Education Funding

Table 2 provides a depiction of the approximate dollar support levels and the relative share of funding for public elementary and secondary education in Illinois as provided from state, local and federal sources. A 20-year history is included.

For most years, federal funding includes amounts unspent in prior years and reappropriated in the subsequent year. The state appropriation totals in Table 2 include certain projects and capital funds reappropriated from prior year(s). Additionally, state totals include amounts appropriated for educationally related purposes other than the operation of the common schools.

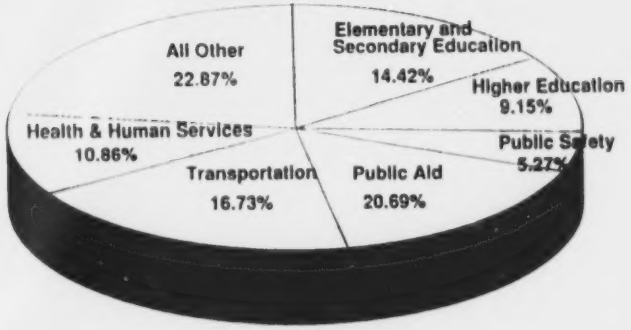
The local funds in Table 2 are further depicted in Table 3. The local property tax figures in Table 3 represent approximations of available revenues. The figures in the third column are tax extensions–the product of equalized assessed property values times the total tax rate as set by each district. These figures represent accrued revenues generated from the total tax rate of each district. Actual local property tax receipts for a given school district can be affected by tax distribution delays, protested tax payments, property assessment appeals, and tax revenues not paid to school districts as a result of Enterprise Zones or Tax Increment Financing areas. (Most school districts in Illinois operate on a cash accounting basis.)

For tax years 1972 through 1978, the amounts in the third column of Table 3 reflect the combined proceeds from corporate personal property taxes and real property taxes. Since 1979, with the abolition of the corporate personal property tax (CPPT), the state has collected the corporate personal property replacement tax (CPPRT) and distributed these tax revenues by formula to school districts. The CPPRT revenues from 1979 forward are reflected in the fourth column.

The fifth column of Table 3 reflects other local revenues of school districts as reported to the Illinois State Board of Education. These revenues include the income derived from the sale of bonds (for years prior to 1987-88) or the sale of property or equipment, investment income, income from school food services, and revenue generated through fees and assessments. The most recent data available are for the 1990-91 school year.

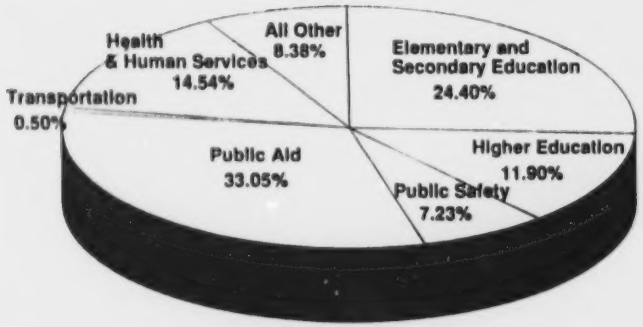
FIGURE 2
Appropriation Authority by Purpose
All Funds and General Funds
Fiscal Years 1992 and 1993

ALL APPROPRIATED FUNDS



Total: $28.835 Billion

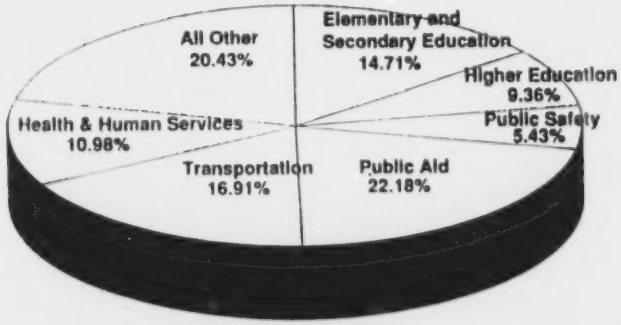
GENERAL FUNDS



Total: $13.823 Billion

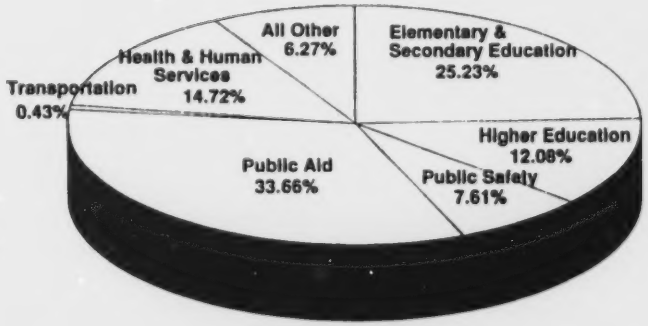
FISCAL YEAR 1992

ALL APPROPRIATED FUNDS



Total: $28.909 Billion

GENERAL FUNDS



Total: $13.215 Billion

FISCAL YEAR 1993

Source: Estimates provided by Illinois Bureau of the Budget

Since most school districts operate on a cash accounting basis and since receipts can be income generated from current or prior-year tax extensions, total revenues from local sources lack a degree of analytical comparability from year to year.

For comparative purposes, Table 2 calculates the relative share of state, local and federal funding, using the data in the last column of Table 3 as the local share. This figure excludes "Other Local Revenues," as these funds are not the product of taxation and are not comparable from an accounting perspective to the revenues from property taxes and corporate personal property replacement taxes.

A separate annual publication of the State Board of Education, *Illinois Public Schools Financial Statistics and Local Property Tax Data,* provides a more complete depiction of local revenues for all school districts.

TABLE 2

State, Local, and Federal Receipts of Funds for the Common Schools
($ in millions)

Year*	State $	Percent State	Local $[a]	Percent Local	Federal $	Percent Federal	Totals $
1992-1993	$3,475.4[b]	33.59%	$6,007.3[c]	58.07%	$862.9[d]	8.34%	$10,345.6
1991-1992	3,433.9	35.21	5,555.8	56.97	762.5	7.82	9,752.2
1990-1991	3,499.6	37.72	5,060.7	54.54	718.7	7.75	9,279.0
1989-1990	3,487.5	39.35	4,709.5	53.13	666.8	7.52	8,863.8
1988-1989	3,000.1	37.75	4,308.3	54.21	639.4	8.04	7,947.8
1987-1988	2,866.4	38.97	3,910.7	53.16	579.2	7.87	7,356.3
1986-1987	2,985.4	41.82	3,634.2	50.90	519.8	7.28	7,139.4
1985-1986	2,767.9	41.04	3,481.3	51.62	494.8	7.34	6,744.0
1984-1985	2,427.9	39.16	3,323.0	53.59	449.6	7.25	6,200.5
1983-1984	2,236.1	38.15	3,182.9	54.30	442.4	7.55	5,861.4
1982-1983	2,103.2	38.11	2,974.4	53.89	441.3	8.00	5,518.9
1981-1982	2,243.3	40.15	2,844.9	50.91	499.6	8.94	5,587.8
1980-1981	2,328.1	43.13	2,595.9	48.10	473.4	8.77	5,397.4
1979-1980	2,218.5	42.34	2,485.0	47.43	536.3	10.23	5,239.8
1978-1979	2,128.9	43.86	2,298.0	47.34	427.0	8.80	4,853.9
1977-1978	2,040.9	44.32	2,134.0	46.35	429.8	9.33	4,604.7
1976-1977	2,000.6	46.88	1,943.0	45.52	324.2	7.60	4,267.8
1975-1976	1,988.1	48.36	1,856.8	45.16	266.5	6.48	4,111.4
1974-1975	1,631.0	39.20	2,310.6	55.53	219.1	5.27	4,160.7
1973-1974	1,325.8	38.10	1,962.5	56.39	191.8	5.51	3,480.1

[a] Includes local real property tax revenues as estimated by the total property tax extension of districts and corporate personal property replacement funds for the years 1980-81 through 1992-93. For other years, the total includes real and personal property tax revenues. Not included as local revenue are proceeds from the sale of bonds, investment income, sales of fixed assets and equipment, sales of food, and fees. See the last column of Table 2.

[b] Appropriated amount, including reappropriations (see detail at the end of Chapter I).

[c] Estimate based upon estimated 1991 property tax equalized assessed valuations multiplied by the 1990 tax year total tax rate of each district, plus estimated Corporate Personal Property Replacement Tax receipts beginning with 1980-1981.

[d] Appropriated amount, including reappropriations (see detailed table in Chapter II).

* N.B. Fiscal years and school years overlap with local tax years. The state and federal funds shown are on a school-year basis (June 30 year-end). Local revenues reflect a calendar-year basis. For example, the 1992-93 year includes actual state and federal appropriations for state Fiscal Year 1993 and an estimation of local revenues accruing to school districts during calendar (collection) year 1992. Local property tax receipts for 1992 are a function of property assessments and tax rates for tax year 1991.

TABLE 3

Elementary and Secondary School Income from Local Sources
($ in millions)

Tax Year	Collection Year	Property Tax Revenues[a]	CPP Replacement Fund	Other Local Revenues[b]	Total Regular Revenues*
1991	1992	$5,710.3[c]	$297.0[d]	N/A	$6,007.3
1990	1991	5,253.2	302.6	669.9	5,555.8
1989	1990	4,738.4	322.3	661.4	5,060.7
1988	1989	4,361.9	347.6	590.5	4,709.5
1987	1988	3,968.9	339.4	575.2[e]	4,308.3
1986	1987	3,571.3	339.4	919.4	3,910.7
1985	1986	3,334.2	300.7	995.7	3,634.9
1984	1985	3,187	294.3	996.0	3,481.3
1983	1984	3,088	235.0	865.0	3,323.0
1982	1983	2,980	202.9	590.1	3,182.9
1981	1982	2,768	206.4	710.3	2,974.4
1980	1981	2,567	277.9	619.3	2,844.9
1979	1980	2,307	288.9	367.2	2,595.9
1978	1979	2,485	(included in	364.2	2,485.0
1977	1978	2,298	prior column	288.3	2,298.0
1976	1977	2,134	for years	299.3	2,134.0
1975	1976	1,943	prior to	299.0	1,943.0
1974	1975	1,857	1979)	377.0	1,857.0
1973	1974	1,817		412.0	1,817.0
1972	1973	1,749		279.0	1,749.0

[a] For the tax years 1979 through 1990, this represents accrued revenue estimated from real property taxes only. For tax years prior to 1979, this represents estimated accrued revenue from real property taxes and corporate personal property taxes. Revenues are derived by multiplying the total tax rate times the applicable equalized assessed property base for the tax year. For years prior to 1974, records of the State Board of Education are incomplete. These figures are repeated from prior-year editions of this publication.

[b] As reported to the State Board of Education by school districts on the Annual Financial Report. Information is not comparable to the local revenues reflected in the second and third columns. No data are available for the 1992-93 school year.

[c] Based upon estimated 1991 (tax year) equalized assessed valuations multiplied by the 1990 tax year total tax rate of each district.

[d] Estimated payments to be made by the Illinois Department of Revenue for calendar year 1992.

[e] This apparent sharp reduction in Other Local Revenues is due to a change in reporting. Bond proceeds and interfund transfers, recorded as local revenues in prior years, were recorded and reported as Other Financing Sources beginning with Fiscal Year 1988.

* For comparative purposes, only estimated local tax extensions and corporate replacement tax revenues are included.

TABLE 4

Operating Public School Districts by Type

School Year	Elementary Districts	Secondary Districts	Unit Districts	Total Districts*
1992-1993	406	111	415	932
1991-1992	410	113	423	946
1990-1991	415	114	424	953
1989-1990	418	115	428	961
1988-1989	422	117	433	972
1987-1988	423	119	439	981
1986-1987	428	122	443	993
1985-1986	431	122	444	997
1984-1985	433	124	448	1,005
1983-1984	435	125	447	1,007
1982-1983	435	125	448	1,008
1981-1982	437	125	448	1,010
1980-1981	438	125	448	1,011
1979-1980	438	125	448	1,011
1978-1979	438	125	448	1,011
1977-1978	443	126	448	1,017
1976-1977	449	128	448	1,025
1975-1976	453	129	446	1,028
1974-1975	462	132	444	1,038
1973-1974	478	136	441	1,055

* Does not include five state-operated school systems (the Department of Corrections school district, two state laboratory schools, the Illinois Mathematics and Science Academy, and the Illinois Department of Rehabilitation state schools).

TABLE 5

Public and Nonpublic Pre-Kindergarten through Grade 12 Fall Pupil Enrollment

Year	Public	Nonpublic	Total
1992-1993*	1,871,000	316,000	2,187,000
1991-1992	1,843,394	315,247	2,158,641
1990-1991	1,816,182	318,625	2,134,807
1989-1990	1,792,356	322,666	2,115,022
1988-1989	1,790,566	328,280	2,118,846
1987-1988	1,806,357	332,033	2,138,390
1986-1987	1,819,392	339,680	2,159,072
1985-1986	1,821,278	348,994	2,170,272
1984-1985	1,829,619	352,079	2,181,698
1983-1984	1,849,045	352,518	2,201,563
1982-1983	1,875,770	353,412	2,229,182
1981-1982	1,919,111	353,259	2,272,370
1980-1981	1,979,545	353,622	2,333,167
1979-1980	2,038,912	353,066	2,391,978
1978-1979	2,106,239	353,152	2,459,391
1977-1978	2,179,282	368,007	2,547,289
1976-1977	2,234,100	372,755	2,606,855
1975-1976	2,265,570	351,921	2,617,491
1974-1975	2,291,315	378,894	2,670,209
1973-1974	2,320,553	389,264	2,709,817

* Estimate based upon projections made by the Illinois State Board of Education for grades K-12. This estimate assumes the number of preschool students in both public and nonpublic settings will remain constant.

TABLE 6

Illinois Public School Finance Statistics[a]

	District Type[b]	Per Capita Tuition Charge	Operating Expense Per Pupil
1990-1991 AVERAGES	Elementary	$4,224.50	$4,679.05
	Secondary	7,279.62	7,826.10
	Unit	3,957.54	4,755.87
	ALL DISTRICTS	4,382.67	5,066.49
	Chicago SD 299	4,387.39	5,674.70
1989-1990 AVERAGES	Elementary	$3,953.17	$4,422.13
	Secondary	6,773.86	7,336.13
	Unit	3,704.20	4,526.17
	ALL DISTRICTS	4,102.84	4,807.59
	Chicago SD 299	4,231.36	5,548.48
1988-1989 AVERAGES	Elementary	$3,802.64	$4,162.94
	Secondary	6,197.60	6,653.16
	Unit	3,528.69	4,276.19
	ALL DISTRICTS	3,900.31	4,518.56
	Chicago SD 299	4,034.10	5,265.39
1987-1988 AVERAGES	Elementary	$3,527.60	$3,905.18
	Secondary	5,584.14	6,027.05
	Unit	3,280.82	3,997.25
	ALL DISTRICTS	3,612.71	4,214.90
	Chicago SD 299	3,608.30	4,786.86
1986-1987 AVERAGES	Elementary	$3,340.53	$3,716.46
	Secondary	5,113.07	5,531.35
	Unit	3,117.31	3,825.26
	ALL DISTRICTS	3,413.43	4,007.73
	Chicago SD 299	3,457.38	4,623.88

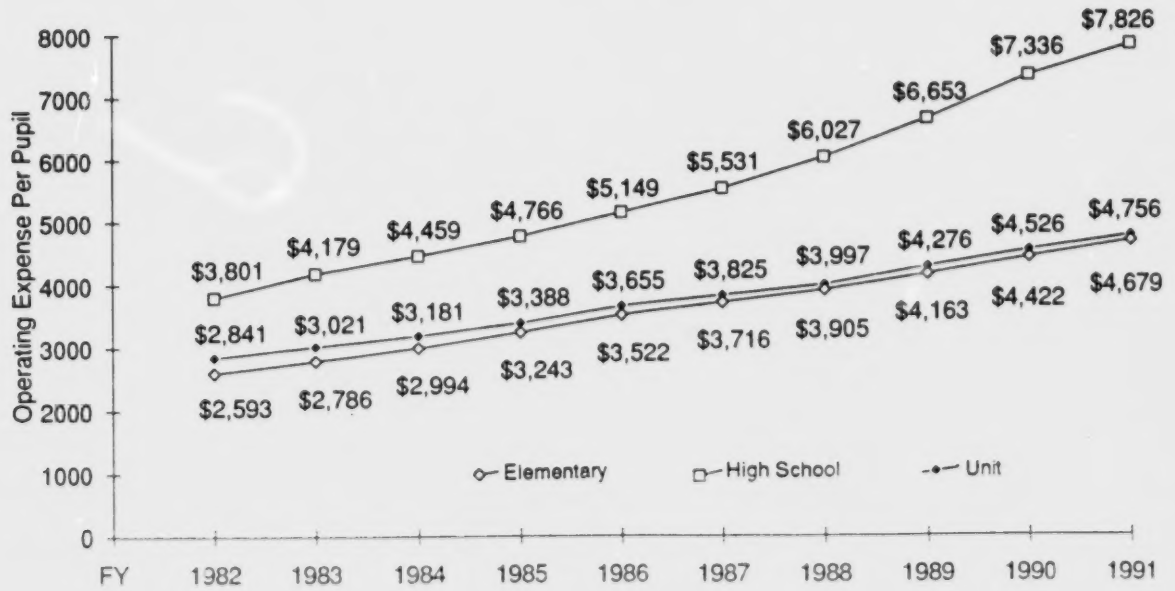
[a] The Operating Expense per Pupil and Per Capita Tuition Charge rankings by district type for each district are included in Section III of the *Illinois Public Schools Financial Statistics and Local Property Tax Data*, a separate State Board of Education publication which is disseminated annually.

[b] Elementary School Districts: Pre-K-8
Secondary (High) School Districts: 9-12
Unit School Districts: Pre-K-12

FIGURE 3

State Average Operating Expense Per Pupil - FY 1982-1991

Average Operating Expense Per Pupil by Type of District
FY 1982-1991



"The Rest of the Story"

The education community is often reminded that we are the primary consumers of state and local tax dollars. We are also reminded that since Fiscal Year 1976, the state has increased spending by $1.49 billion, an increase of almost 75 percent; spending from local property taxes and corporate personal property replacement taxes has increased by $4.15 billion, or 223 percent. Federal funding for elementary and secondary schools in Illinois has increased by $.596 billion, or 224 percent (see Table 1).

The sometimes unspoken, but more increasingly angrily spoken question is, "What have you done with all that money and why do you want/need more?"

State Funding

Since Fiscal Year 1976, state funding for elementary and secondary education has increased from $1.99 billion to $3.48 billion. That appears to be a significant amount of growth. When adjusted for inflation since 1976, however, a very different picture emerges.

The purchasing power of those dollars has dropped from $1.99 billion to $1.41 billion, a decrease of 29.15%. In other words, the $3.48 billion of state money appropriated for Fiscal Year 1993 will only purchase what $1.41 billion of state money could have purchased in 1976 (see Figure 4).

Local Funding

During the same period of time, local funding for elementary and secondary education has increased from $1.86 billion to $6.01 billion, or slightly more than 223 percent. When applying the same adjustment for inflation as used above for state funding, Figure 5 shows that the $6.01 billion in Fiscal Year 1993 can purchase what $2.44 billion could have purchased in 1976. In terms of constant (1976) dollars, spending from local sources increased by $0.58 billion, or 31.18 percent.

Federal Funding

Between 1976 and 1993, federal funding has increased from $0.27 billion to $0.86 billion, or more than 220 percent. When adjusted for inflation, Figure 6 shows that the $0.86 billion in 1993 can purchase what $0.35 billion could have purchased in 1976. In terms of constant (1976) dollars, this represents an increase from $0.27 billion to $0.35 billion, or almost 30 percent.

Total Funding

Total funding for elementary and secondary education has increased from $4.11 billion in Fiscal Year 1976 to $10.35 billion in Fiscal Year 1993, an increase of about 152 percent. When adjusted for inflation, however, the increase (in terms of 1976 Constant Dollars) is only about $100 million, less than 3 percent (see Figure 7).

FIGURE 4

State Support – Current Dollars vs. 1976 Constant Dollars

Elementary and Secondary Education

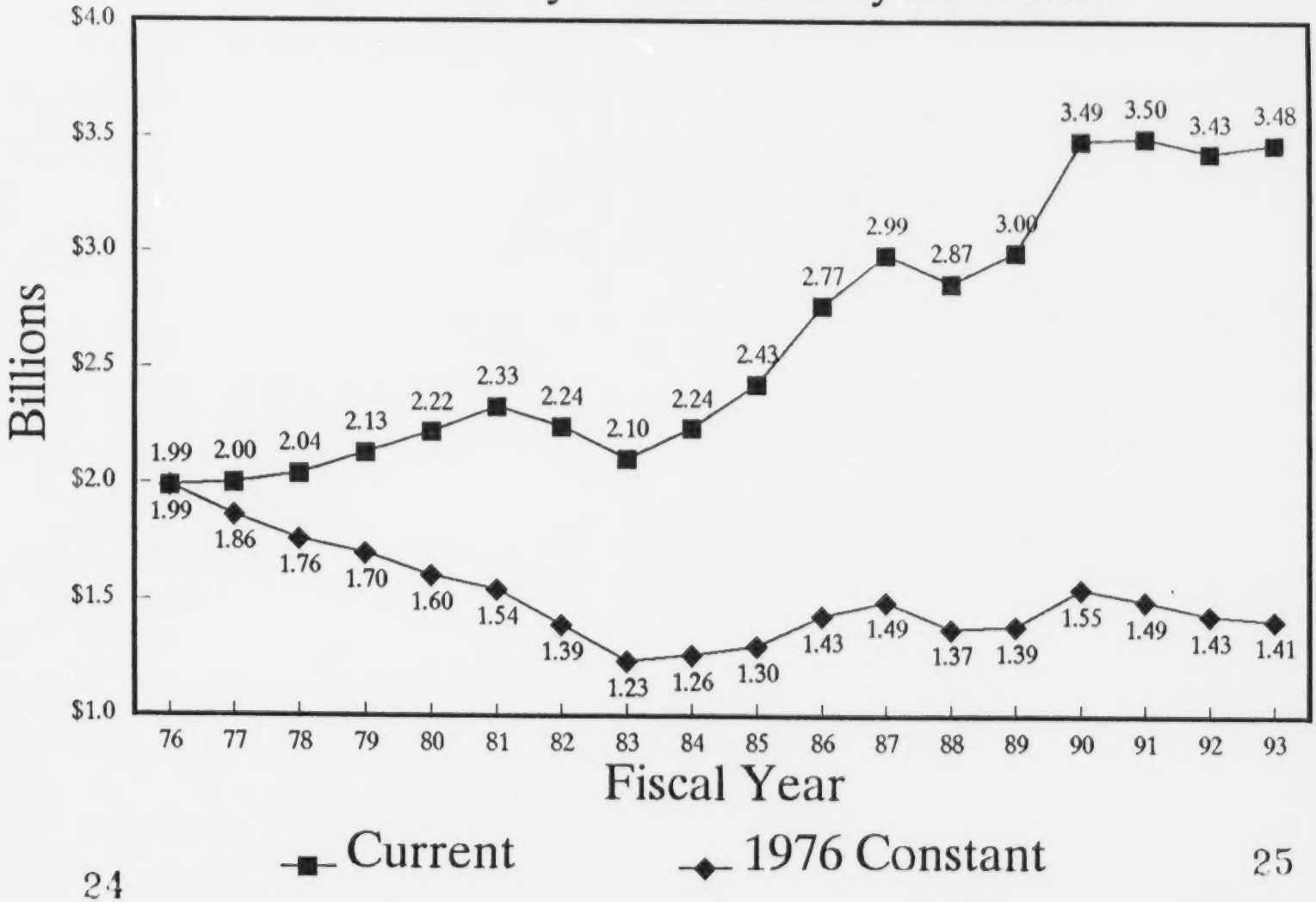


FIGURE 5

Local Support – Current Dollars vs. 1976 Constant Dollars

Elementary and Secondary Education

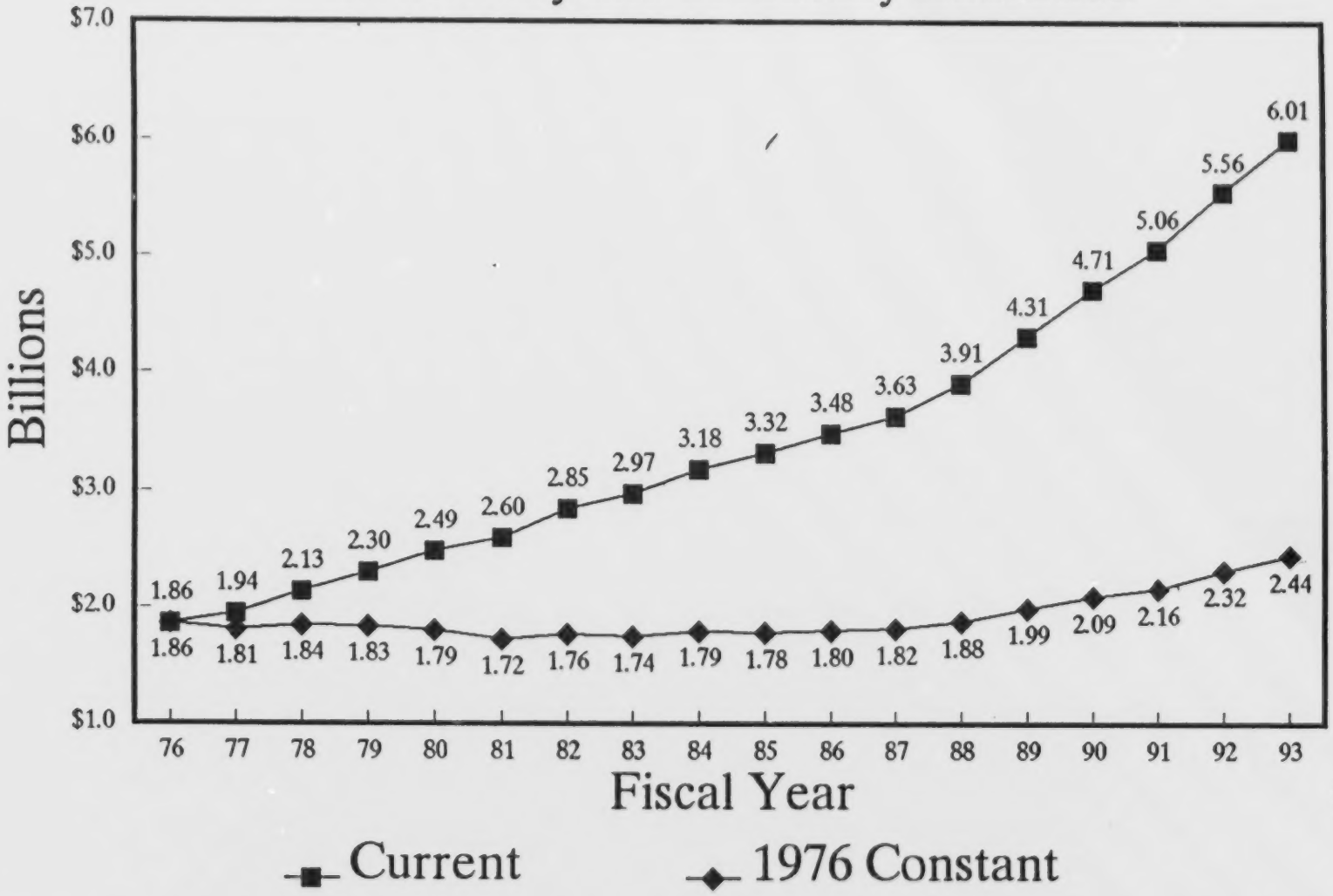


FIGURE 6

Federal Support – Current Dollars vs. 1976 Constant Dollars

Elementary and Secondary Education

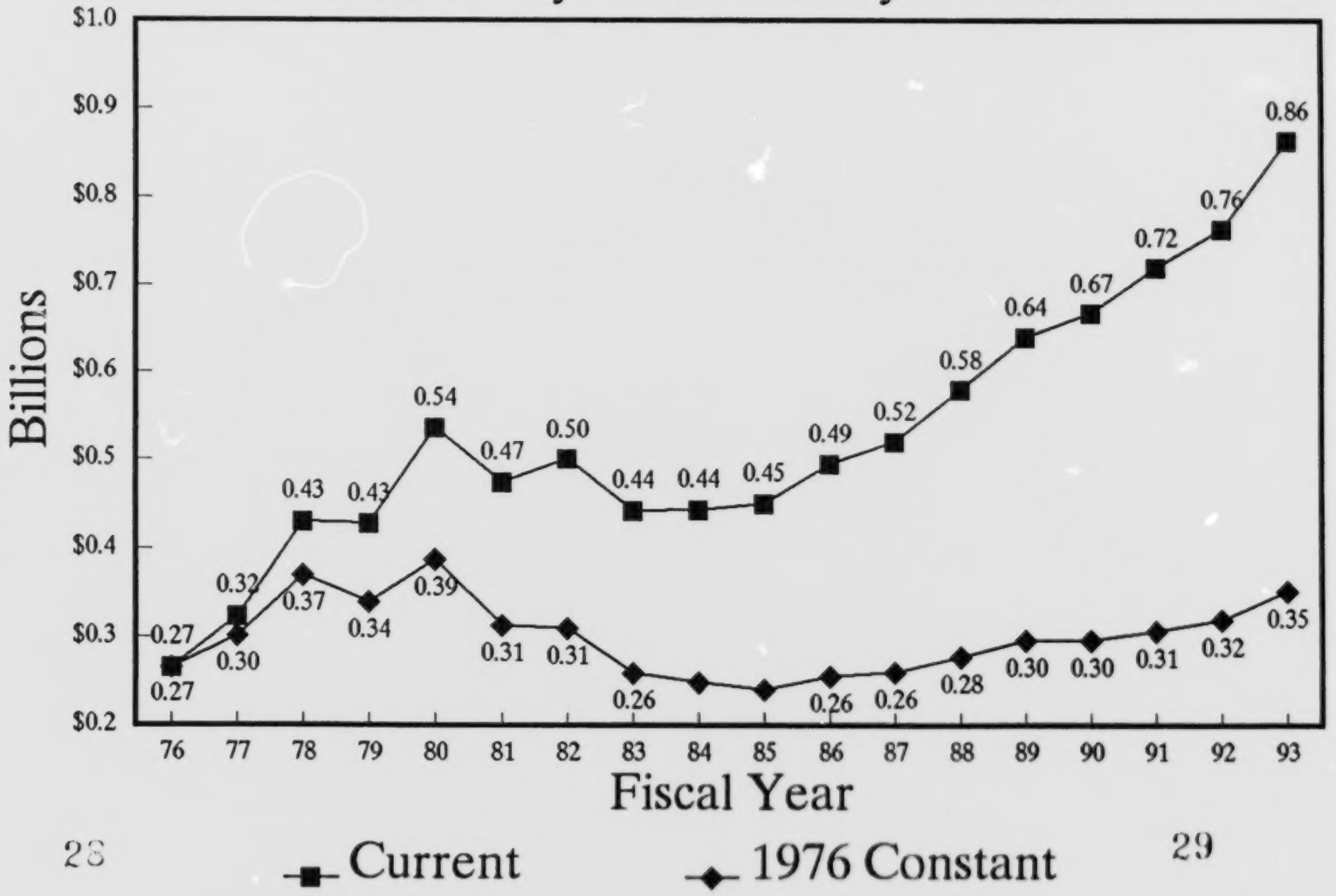
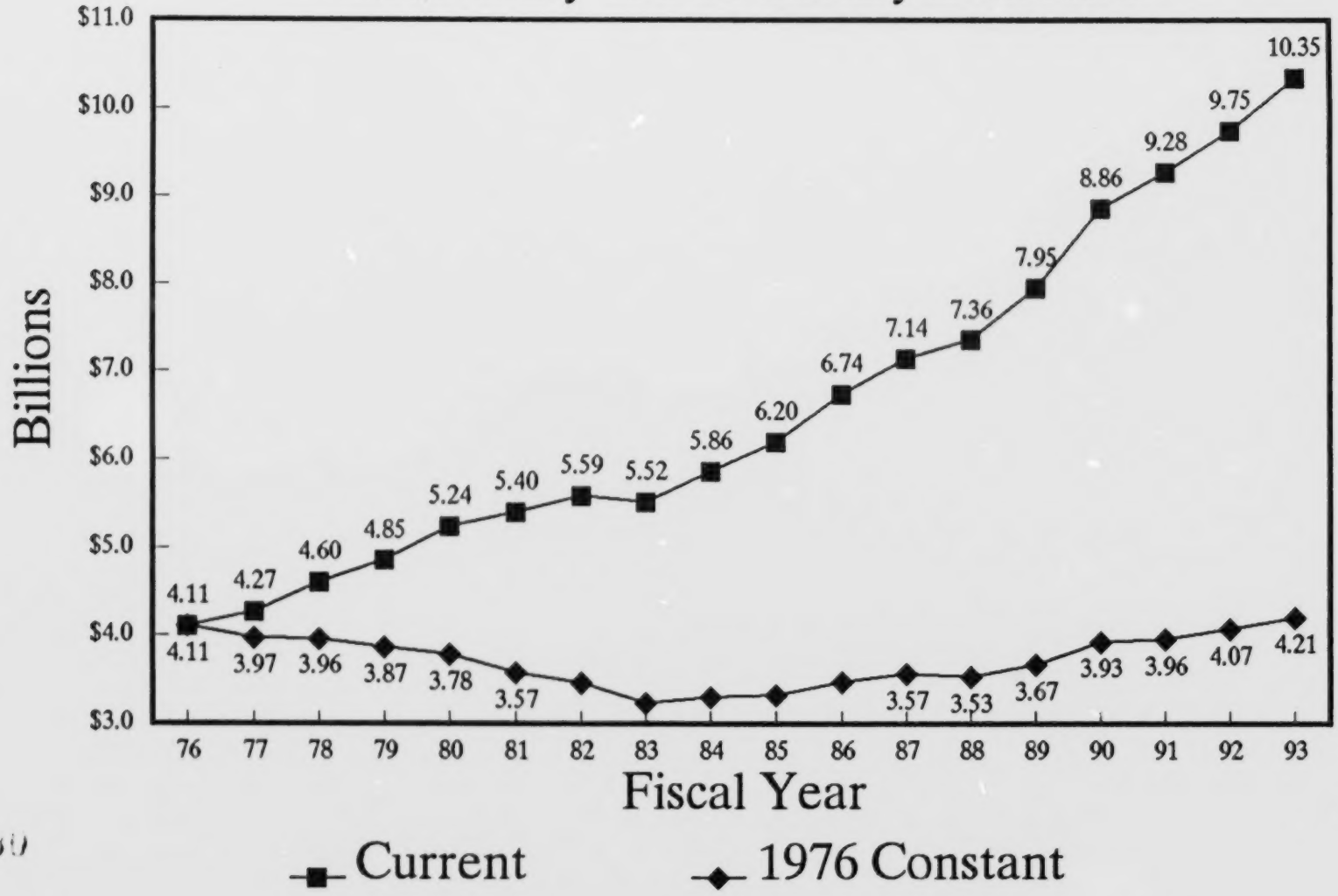


FIGURE 7

Total Support – Current Dollars vs. 1976 Constant Dollars
Elementary and Secondary Education



CHAPTER I

State Education Programs

An estimated 1,871,000 students will be enrolled in Illinois public schools in 1992-93, a total exceeded only by California, Texas, New York and Florida. Illinois' 932 regular school districts and its state-operated schools serve approximately 4.5 percent of the nation's 41.95 million public school students.

A wide range of educational services, many required by state or federal statutes, is provided in Illinois public schools. State revenues supporting public school programs are appropriated annually by the Illinois General Assembly and enacted into law with the approval of the Governor. Appropriations for non-capital grants and payments to public schools are made to the State Board of Education from the state Common School Fund, the Education Assistance Fund, the General Revenue Fund and the Driver Education Fund. Appropriations are also made from the state's Corporate Personal Property Replacement Tax Fund, resulting in disbursements by the Illinois Department of Revenue directly to school districts.

Illinois law allows three different types of public school districts. Elementary districts provide schooling for pre-kindergarten through grade 8 students. Secondary (high school) districts serve students in grades 9 through 12. Unit districts are organized to serve students at all grade levels. Most secondary districts serve geographic areas which include multiple elementary districts. When this situation occurs, the term "dual district" may be used to describe the organizational format.

This chapter summarizes funding information about more than seventy separate programs or categories of state assistance to elementary and secondary schools. These programs are discussed in four separate groupings in this chapter: Common School Fund Programs, Categorical and Special Funding Programs, School Improvement Programs (1985 School Reform), and Other Education-Related Programs.

Common School Fund Programs

General State Aid

Over 63 percent ($2.12 billion) of the annual appropriations of the State Board of Education is used to provide General State Aid to local public schools. Chicago School District 299 will receive about $548.6 million, or 25.9 percent of that amount.

The distribution of General State Aid (GSA) to Illinois common schools is determined by a statutorily defined funding formula. The formula provides for different methods of funding allocation, dependent primarily upon the equalized assessed valuation of property within a particular school district. For 1992-93, 718 districts received funding under the Special Equalization computation. The Alternate Method calculation was used to fund 142 districts and 72 districts were funded under the Flat Grant method. The amount of GSA distributed to school districts is determined by the yearly appropriations made by the Illinois General Assembly and signed into law by the Governor.

In the sections which follow, a description is provided of the state aid funding formula. Information is also provided which depicts the formula funding levels for 1992-93.

Wealth Considerations in the State Aid Formula. Illinois' General State Aid formula is designed to provide higher levels of state financial aid to school districts with comparatively lower levels of wealth. Comparative wealth across school districts is based upon an annual measurement of the equalized assessed valuation of local property, standardized across school districts on a per-student basis. Per-student standardization is a function of student counts which consider a district's average attendance weighted for grade level and adjusted to account for a district's concentration of low-income students. This student count, discussed in detail later in this section, is referred to as the Chapter 1 Weighted Average Daily Attendance student count, or CWADA.

There is a wide variation in property wealth per student (i.e., per CWADA) across Illinois' 932 regular school districts. The measured property wealth per CWADA used in the state aid formula for 1992-93 ranges from a low of $5,445 in the poorest district to a high of $880,974 in the wealthiest. Most state aid is distributed under the Special Equalization computation of the formula. The equalization process provides greater state aid per CWADA to districts with the lowest wealth per CWADA.

In achieving equalization, the state aid formula compares the wealth per CWADA student of a district to a "state-guaranteed wealth per CWADA," a level also known as a "state-guaranteed tax base." This state-guaranteed level varies for each of the three school district types. For 1992-93, the state-guaranteed wealth per CWADA student (or guaranteed tax base per CWADA student) is $136,860.52 for elementary districts, $236,395.45 for secondary districts, and $94,215.57 for unit districts.

Foundation Level. The state-guaranteed tax base per CWADA student for each district type is mathematically related to a state funding Foundation Level--a dollar level per CWADA student which is intended to represent a guaranteed per student floor of financial support. The 1992-93 state aid Foundation Level is $2,600.35. Dividing this Foundation Level by a statutorily set "computational" Operating Tax Rate (OTR) for each district type yields the state-guaranteed tax base for each district type. The computational OTR in the funding formula is 1.90 percent (.019) for elementary districts, 1.10 percent (.011) for secondary districts and, 2.76 percent (.0276) for unit districts.

The 1992-93 Foundation Level of $2,600.35 implies that each student in Illinois (based upon CWADA count) is guaranteed access to funding from combined state and local (property) resources equal to the Foundation Level. (Full funding access requires that districts have an OTR equal to or greater than the computational OTR.) State funding varies inversely to local funding in this relationship. A district with a hypothetical property assessment base of $0 per CWADA student would receive state aid of $2,600.35 per student. As will be seen later, alternative computations assure that even though some districts have local per student wealth which exceeds the state guaranteed tax base, all districts receive some General State Aid.

State Appropriations. The state Foundation Level and the state guaranteed tax base per CWADA student are set each fiscal year on the basis of the General State Aid appropriation enacted into law. In a given year, the higher the appropriation, the higher the Foundation Level and the higher the guaranteed tax base. Computer iterations are performed by the State Board of Education, altering the Foundation and tax base levels until the level is found which assures that the General State Aid appropriation for a year is fully allocated to districts. The General Assembly appropriated $2,120,834,600 for General State Aid for 1992-93.

State Aid Attendance Weightings and Adjustments. General State Aid entitlements for 1992-93 are computed using a monthly average weighted attendance figure for each district. The attendance figures used are the greater of the 1991-92 average of the best 3 months' attendance or a three-year average attendance (using the average of the best three months each year) for the years, 1989-90, 1990-91, and 1991-92.

Weighted attendance refers to average attendance weighted by a factor which considers student grade level. Pupils in pre-kindergarten through grade six are weighted at 1.00; pupils in grades seven and eight are weighted at 1.05; and pupils in grades nine through twelve are weighted at 1.25. These weightings are applied to the applicable average attendance figures of a district, not to enrollment.

For formula calculation purposes, a district's grade-weighted attendance is adjusted upwards by including in a district's student count, an adjustment for federally defined ESEA, Chapter 1 low-income pupils. To determine the low-income student adjustment, the percent of ESEA, Chapter 1 low-income eligible in a district is divided by the state average percentage concentration of low-income students. For 1992-93, the state average concentration of low-income students is 19.28 percent. The ratio of a district's low-income student percentage as divided by the state concentration percentage is then multiplied by a statutorily defined adjustment factor of .53. The resulting product is multiplied by the Chapter 1 low-income student count of the district and added to the applicable grade-weighted pupil attendance count. A district's low-income pupil addition ranges from zero in a district with no low-income eligible to a statutory maximum weighting of .625 per low-income pupil. Arithmetically, the optimum low-income adjustment for 1992-93 is achieved when a district has a low-income pupil concentration of 22.74 percent. A district with the state average concentration of low-income students has a .53 addition to its weighted attendance count for each low-income pupil.

In summary, a district's CWADA student count for state aid purposes is its applicable grade-weighted average daily attendance figure, adjusted upward by the Chapter 1 low-income concentration factor defined by state statute.

Special Equalization Computation. A district's Special Equalization entitlement amount is computed by obtaining the product of a district's CWADA student count and the difference between the state-guaranteed wealth per CWADA student and the district's actual wealth per CWADA student times the applicable Operating Tax Rate (OTR). For 1992-93, each Special Equalization district receives an amount of $338.05 or more per CWADA pupil. The state's poorest school district receives an entitlement per CWADA student of $2,450.06. In arithmetic terms, the 1992-93 Special Equalization computation can be represented as:

District State Aid = CWADA x $[(V_s - V_d) \times T]$

CWADA = Chapter 1 Weighted Average Daily Attendance

V_s = State guaranteed wealth per CWADA (guaranteed tax base) for the applicable type of district

V_d = General State Aid Equalized Assessed Valuation per CWADA student of the district

T = Applicable Operating Tax Rate

In applying this formula for 1992-93, a district's equalized assessed valuation of real property for tax assessment year 1990 is used. The wealth factor of each district is adjusted upward to account for the property value attributable to a district's corporate personal property replacement tax payments. This corporate replacement tax assessed valuation is based upon replacement tax distributions made in calendar year 1991.

The actual Operating Tax Rate (OTR) of a district is a district's total tax rate less the tax rate for bond and interest, summer school, rent, capital improvements and vocational education building purposes. Tax rates used for 1992-93 formula calculations are the rates for tax year 1990. The formula above refers to an "applicable" OTR. The "applicable" OTR for calculation purposes varies with the type of organization of a school district and with the relationship of the district's actual OTR and the "computational" OTR set by statute.

For special equalization formula calculation purposes, a computational OTR of 1.90 percent is utilized for elementary districts with an actual OTR of 1.28 percent or higher. In secondary districts with an OTR of 1.10 percent or higher, 1.10 is the computational OTR. In unit districts with an OTR of 2.18 percent or more, 2.76 percent is utilized in the entitlement computation. In districts with OTRs below these minimums (i.e., 1.28 percent for elementary, 1.10 percent for secondary, 2.18 percent for units), the actual OTR of the district is used for the computation.

Another way to arithmetically represent the special equalization state aid computation is to express the formula in terms of the Foundation Level. In this approach:

$$\text{District State Aid} = (\text{F Level} - \frac{\text{Local Revenue}}{\text{CWADA}}) \times \text{CWADA}$$

Where Local Revenue = (GSA EAV) (T_c)

and where:

F Level = Foundation Level ($2,600.35 for 1992-93)

CWADA = Chapter 1 Weighted Average Daily Attendance

GSA EAV = General State Aid Equalized Assessed Valuation of the district (Real property EAV plus a computed property value derived from a district's corporate personal property replacement tax revenues)

T_c = Applicable Computational Operating Tax Rate (i.e., .019 elementary, .011 high school or .0276 unit school)

In this formula representation, it can be more directly seen that a district with high wealth per student (Local Revenue per CWADA) will receive less state aid than a district with a lower wealth per student.

Alternate Method Computation. The higher the actual wealth per CWADA of a district, the less General State Aid a district is entitled to receive. For districts with relatively high actual wealth per CWADA student, an Alternate Method state aid formula computation is utilized.

The Alternate Method of General State Aid entitlement computation is utilized by districts whose actual wealth per CWADA is 87 percent or more of the state-guaranteed wealth per CWADA student. As in the Special Equalization computation, a district's wealth per CWADA is measured by real property assessed valuations and a computed assessed valuation derived from a district's corporate personal property replacement tax income.

Where the Alternate Method applies, it is calculated by multiplying 13 percent of the state Foundation Level times the quotient obtained when 87 percent of the state-guaranteed wealth per CWADA student (for the district type) is divided by the district's equalized assessed valuation per CWADA student.

An arithmetic representation of the Alternate Method calculation is:

District State Aid = CWADA x F Level x .13 x (.87 V_s/V_d)

Where CWADA = Chapter 1 Weighted Average Daily Attendance

F Level = State-determined per pupil Foundation Level ($2,600.35 for 1992-93)

V_s = State guaranteed wealth per pupil (guaranteed tax base) per CWADA student for the applicable district type

V_d = The district's GSA Equalized Assessed Valuation per CWADA student

For 1992-93 each Alternate Method district received a General State Aid entitlement per CWADA student between $182.03 and $338.04.

Another arithmetic representation of the Alternate Method computation is:

District State Aid = CWADA x (.13 F Level) x (.87 F Level/Local Revenue per CWADA)

In this equation, F Level and CWADA are defined as above and

Local Revenue = District GSA Equalized Assessed Valuation times the applicable computational Operating Tax Rate.

Flat Grant. Using the Alternate Method calculations, district GSA entitlements arithmetically approach zero percent of the Foundation Level. For districts with the highest equalized assessments per CWADA student, a third allocation methodology–the Flat Grant–is applied. The Flat Grant computation ensures that each district receives a grant for each CWADA student equal to a statutorily set seven percent of the Foundation Level. For 1992-93, the Flat Grant amount is $182.02 (i.e. seven percent of the 1992-93 Foundation level of $2,600.35).

Property Valuations in the Formula. As noted, each district's General State Aid entitlement calculations include both real property equalized assessed valuations and a computed assessed valuation attributable to a district's receipt of corporate personal property replacement taxes (CPPRT). The computed value is derived by dividing the calendar year CPPRT receipts of a district by a predetermined tax rate. For Cook County school districts, CPPRT receipts are divided by the 1976 total tax rate of the district. In the other 101 counties, the computed value is determined by dividing receipts for each school district by the district's total tax rate for 1977. For 1992-93 calculations, the computed assessed valuation related to CPPRT is based upon payments to districts made by the Illinois Department of Revenue during calendar year 1991.

The real property assessment figures used in General State Aid calculations are real property values as equalized by the Illinois Department of Revenue. The equalized assessed valuation (EAV) used to calculate GSA entitlement excludes the property value in a district associated with a state-recognized Enterprise Zone or a (Property) Tax Increment Financing District.

A district's combined value of real property equalized assessed valuation and the derived assessed valuation attributed to CPPRT values is referred to as the General State Aid Equalized Assessed Valuation (GSA EAV).

Appendix C provides a sample General State Aid entitlement claim form. Appendices D, E and F depict the relationship between state per student entitlements and district wealth for 1992-93.

Laboratory and Alternative Schools. Public universities operating laboratory schools and alternative schools operated by Educational Service Regions are also eligible for General State Aid. Since these schools have no property tax base, the GSA entitlements for such districts are derived in a special manner. The students who attend laboratory or alternative schools are "sent" from districts whose schools they would normally attend. The GSA provided to a laboratory or alternative school is determined in relationship to these "sending" districts. The marginal GSA entitlement per student that the "sending" district would receive, if these students attended the "sending" school, is calculated. This marginal amount is allotted to the specific laboratory or alternative school.

Collectively, Illinois State University's two laboratory schools, the University of Illinois laboratory school and 15 alternative schools receive total GSA funding of $5.06 million.

State Funding Distributions. The 718 districts funded under the Special Equalization computation constitute 77.0 percent of Illinois school districts and receive approximately 95.2 percent of the total GSA allocation. Special Equalization funded districts account for approximately 78 percent of the state CWADA student total. The 142 Alternate Method Districts (15.0 percent of school districts) receive 4.0 percent of the GSA allocation and represent 17 percent of the state CWADA student total. Flat Grant districts (72 in number) receive .8 percent of the GSA allocation and reflect 8 percent of the state CWADA student total. A total of 932 districts is allotted General State Aid.

Of the 932 regular school districts allotted General State Aid, 415 (44.5%) are unit districts, 111 (11.9%) are secondary districts, and 406 (43.6%) are elementary districts. Unit districts receive 76.4 percent of 1992-93 GSA funds, secondary districts receive 6.8 percent of the funds, and elementary districts receive 16.8 percent of the GSA funds.

In applying the General State Aid formula to the available appropriations in a given year, the State Board of Education takes into consideration certain financial adjustments. It is common for each district to have an audit adjustment to a prior year's GSA claim. (Audits to determine the accuracy of each district's GSA claim are conducted by staff of the State Board of Education.) Such audits result in either upward or downward adjustments to a district's current-year payments. In addition, some districts qualify in certain years for GSA adjustments as a result of changes in prior-year equalized assessed valuations due to adverse court decisions or Property Tax Appeal Board decisions (See Sections 2-3.33, 2-3.51 and 2-3.84 of the School Code).

Generally, there is a net negative adjustment to the yearly aggregate GSA entitlement as a result of these prior-year adjustments. To assure that all available appropriation authority for GSA is utilized, the State Board of Education calculates the entitlement for districts by adding the net negative adjustment to the available appropriation. The resulting gross entitlement per district is then adjusted downward for districts with a net negative adjustment and upward for net positive adjustments. The resulting net GSA payments for all districts thus exhaust the available appropriation.

General State Aid Payment Schedule

Section 18-11 of the School Code provides for semimonthly General State Aid payments to be made during the months of August through July. These semimonthly payments are in an amount equal to 1/24 of the total amount to be distributed. The School Code provides that General State Aid payments are to be made "as soon as may be after the 10th and 20th days of each of the months . . . ."

Section 8-1/2 (Paragraph 144a), State Finance Act also authorizes the Governor to notify the State Treasurer and the State Comptroller to "effect advance distribution to school districts of amounts that otherwise would be payable pursuant to Section 18-8 of the School Code." The governor has exercised this accelerated payment authority in the past several fiscal years. In Fiscal Years 1990 and 1991 both September payments were advanced and paid at the same time the second payment of August was made. In Fiscal Years 1992 and 1993, the September payments were made in August, but after the regular second payment was made.

General State Aid payments, while designated for specific districts, are actually paid to Illinois' 57 regional school superintendents. Regional superintendents in turn are obliged to distribute these payments, with any attributable interest income, to each district within their regions.

The State Comptroller's Office releases GSA warrants (payments) at about 2:00 p.m. on payment day. Regional superintendents from Cook, Du Page, Macon, and the St. Clair regions have representatives who pick up their warrants. Thirty-eight Regional Superintendents have the warrants deposited directly into the Illinois Public Treasurers' Investment Pool. Most of the remaining regional superintendents have designated Springfield bank personnel to pick up the warrants. Local Springfield bankers forward payments by wire the next working day to the local bank designated by each regional superintendent.

Typically, warrants (payments) are available on the 11th and 21st days of the month, or on the following working day if the payment date falls on a weekend or a holiday.

Attendance, Calendar and Special Requirements for General State Aid

Recognition. General State Aid is distributed to Illinois school districts which maintain "recognized district" status. Recognized district status is achieved pursuant to the periodic reviews of a district by staff of the Illinois State Board of Education. Recognition activities are designed to assure that districts comply with the required standards of state law. Any school district which fails to meet the standards established for recognition by the State Superintendent of Education for a given year is ineligible to file a claim upon the Common School Fund for the subsequent school year. In case of nonrecognition of one or more attendance centers in a school district otherwise operating recognized schools, the entitlement of the district is to be reduced in the proportion that the average daily attendance (ADA) in the nonrecognized attendance center, or centers, bears to the ADA in the school district.

Plan Requirements. In addition to the general requirement of maintaining recognition, school districts must also adhere to a variety of other legislated standards in order to receive state financial support. Several of these are enumerated in the sections which follow.

The General State Aid law requires all school districts, except Chicago, with more than 1,000 pupils in average daily attendance (ADA) and with a low-income pupil weighting factor in excess of .53 to submit an annual plan to the State Board of Education, describing the use of the state funds generated as a result of that district's low-income pupils. This plan is intended to provide for the improvement of instruction with a priority of meeting the needs of educationally disadvantaged children. These plans are submitted in accordance with rules and regulations promulgated by the State Board of Education.

The state's largest district, Chicago District 299, is also required to provide planning information for its services to low-income students. Unlike other districts, however, District 299 must distribute GSA funding attributable to its low-income students weighting factor on a formula basis. This statutory requirement provides that a major segment of these funds be distributed to the attendance centers within District 299 in proportion to the number of pupils enrolled in the attendance centers who are eligible to receive free or reduced-priced lunches or breakfasts under the Federal Child Nutrition Act. Chicago must submit an annual plan to ISBE which depicts this distribution of funds and discusses the services available as a result of this funding.

Information concerning these plans is available through the Division of Specialized Programs, Chicago Reform Section, Illinois State Board of Education, Chicago (telephone: 312/814-2282).

School Calendar. Public schools in Illinois are required to adopt a calendar which provides for 185 school days including at least 180 days of pupil attendance. Up to four days of the 180 days of actual pupil attendance may be utilized for scheduled teacher institutes and inservice training. Chicago School District 299 operated three elementary schools on a full-year basis during the 1991-92 school year and is operating seven elementary schools on a full-year basis during 1992-93.

Teacher institutes are approved for each district by the respective Regional Superintendent of Schools. Equivalent professional educational experiences such as visitations to educational facilities are allowable as approved training.

Under certain conditions teacher inservice training and parent-teacher conferences may be provided in partial-day increments. Section 18-8 provides specific guidance concerning the computation of pupil attendance for state aid purposes for such partial-day attendance.

Section 24-2 of the School Code provides for a number of legal school holidays. Teachers may not be required to teach on national holidays or the state school holidays: Columbus Day, Veterans' Day, and Good Friday and the days which honor the births of Abraham Lincoln, Martin Luther King and Casimir Pulaski.

The 185-day calendar adopted by a district is intended to allow for up to five emergency closure days during the school year.

School districts which fail to operate schools for the required number of pupil attendance days may be subject to the loss of General State Aid. The financial loss is calculated on the basis of a daily penalty of .56818 percent (1 divided by 176) for each day of required operation not met.

Under certain circumstances, a district may not be penalized for failure to provide the required school calendar. These circumstances and the required waivers and approvals are described in the paragraphs which follow.

Act-of-God Days. When a school district is unable to conduct school as a result of an Act of God, a district may be granted an attendance waiver. Section 18-12 of the School Code allows the State Superintendent of Education to waive the .56818 percent daily penalty due to a district's failure to conduct school for the minimum school term. The State Board of Education's School Recognition and Supervision Department, Public School Approval Section has the responsibility to review a district's waiver request.

Hazardous Threat or Adverse Weather. State law contains provisions which allow districts to reduce the length of a school day or to cancel classes altogether if pupil health and safety are threatened by conditions beyond school district control or if adverse weather occurs after the start of school.

For adverse weather conditions, the reasons for closing are to be certified in writing by the district superintendent and sent to the respective Educational Service Region Superintendent. The regional superintendent forwards the certification to the State Superintendent for approval.

A similar process applies to days of school not begun as a result of a health or safety consideration. When approved, "Hazardous Threat" days are not considered student attendance days but do provide an exemption from reduction in state aid. The State Superintendent may approve these exceptions to the minimum term only when the school district has first used all emergency days contained in the district's regular school calendar.

Energy Shortage. When the State Superintendent of Education declares that an energy shortage exists during any part of the school year for the State or a designated portion of the State, a district may operate the attendance centers in the district four days a week during the shortage. When such a declaration is made, a district's GSA entitlement is not reduced, provided the district extends each school day by one clock hour of school work. State law provides that district employees are not to suffer any reduction in salary or benefits as a result of this declaration. A district may operate all attendance centers on this revised schedule or may apply the schedule to selected attendance centers.

Pupil Attendance. Section 18-8 of the School Code provides that a day of pupil attendance is to include not less than five clock hours of teacher-supervised work. Additional provisions apply to a district's calculation of pupil attendance for part-time school enrollment, services to handicapped or hospitalized students, tuition-related services, dual-attendance nonpublic school children, and other special circumstances.

Pupils regularly enrolled in a public school for only a part of a school day are counted in attendance for one-sixth day for each class hour of instruction of 40 minutes or more.

Resident pupils enrolled in nonpublic schools may be enrolled concurrently in public schools on a shared-time or dual-enrollment plan and may be included as claimable pupils by public school districts. Dual-enrolled pupils are counted as one-sixth ADA for each class period of 40 minutes or more in attendance in a public school district.

Exceptional children attending approved private institutions, either in or outside Illinois, may be included as claimable pupils on the basis of days attended if the district pays the tuition costs. Local school boards may send eligible children to an out-of-state public school district and claim them for General State Aid. Pupils are nonclaimable for General State Aid if the district is claiming full reimbursement of tuition costs under another state or federally funded program or is receiving tuition payments from another district or from the parents or guardians of the child.

For handicapped children below the age of six years who cannot attend two or more clock hours because of handicap or immaturity, a session of not less than one clock hour may be counted as one-half day of attendance. Handicapped pupils less than six years of age may be claimed for General State Aid for a full day, provided the child's educational needs require, and the student receives, four or more clock hours of instruction.

Section 10-22.5a of the School Code allows foreign-exchange students and/or nonresident pupils of eleemosynary (charitable) institutions attending a public school district on a tuition-free basis to be claimed for General State Aid purposes. A cultural exchange organization or charitable institution desiring to negotiate a tuition-free agreement with a public school district must obtain written approval from the Illinois State Board of Education.

A session of not less than one clock hour of teaching for hospitalized or homebound pupils on the site or by telephone to the classroom may be counted as one-half day of attendance. These pupils must receive four or more clock hours of instruction to be counted for a full day of attendance. If the attending physician for such a child has certified that the child should not receive as many as five hours of instruction in a school week, reimbursement is computed proportionately to the actual hours of instruction.

Public Health Requirements. Illinois law requires every school district to report to the Illinois State Board of Education by October 15 of each year the number of children who have received, the number who have not received, and the number exempted from necessary immunizations and health examinations. If less than 90 percent of those enrolled in a district on October 15 have had the necessary immunizations or health examinations, ten percent of each subsequent General State Aid payment is withheld by the regional superintendent. Withholding continues until the district is in compliance with the 90 percent requirement.

State law also provides that a child is to be excluded from school for noncompliance with rules and regulations promulgated by the Illinois Department of Public Health for health examinations and immunizations. Under such circumstances the child's parent or legal guardian is considered in violation of the compulsory attendance law (Section 26-1). These parents or legal guardians are subject to any penalty imposed under Section 26-10.

Extended-Day Programs. School districts may develop and maintain before-school and after-school programs for students in kindergarten through the sixth grade. Such programs may include time for homework, physical exercise, afternoon nutritional snacks and education offerings which are in addition to those offered during the regular school day. Extended-day programs in a district are to be under the supervision of a certified teacher or a person who meets the requirements for supervising a day-care center under the Illinois Child Care Act. Additional employees who are not so qualified may also be employed for such programs.

The schedule of these programs may follow the work calendar of the local community, rather than the regular school calendar. Parents or guardians of the participating students are responsible for providing transportation for the students to and from the programs. The school board may charge parents of participating students a fee, not to exceed actual costs for before- and after-school programs. Attendance at extended-day programs is not included in the calculation of attendance for General State Aid purposes.

Interest on Deferred General State Aid Payments

Section 18-11 of the School Code (Payment of Claims) provides for the compensation of districts for interest lost each year due to the deferral to July of that part of their General State Aid payments that ordinarily would have been paid during the immediately preceding June. These payments are to be recorded in Revenue Account Number 3120 in any fund of the district except the Working Cash Fund.

The appropriation for this purpose for Fiscal Year 1993 was $939,500. Payments to districts were made in August of 1992.

Supplementary State Aid for New and Certain Annexing Districts

Fiscal Year 1993 appropriations totaled $8,400,000 for supplementary state aid payments to new and certain annexing districts. This entire amount has been vouchered for payment. For a more complete discussion of this topic, please refer to Chapter IV.

Regional Superintendents of Schools

Responsibilities and Compensation. Article 3 of the School Code provides for 57 Educational Service Regions to support and supervise various aspects of school activity. Each region encompasses one or more counties and is headed by a regional school superintendent elected by the voters of the region. The distribution of state and federal funding for schools is made through the office of the regional superintendent serving each school district. Vouchers executed by the State Board of Education are payable to the regional superintendent. Each regional office, in turn, is to distribute payments and any accumulated interest to the local school districts unless a contract exists providing for the regional office to retain interest for specific services provided the districts.

The General Assembly determines salaries of regional superintendents according to the 1990 population of the region served. The salaries of regional superintendents are as follows:

Population of Region	Annual Salary
Less than 48,000	$51,000
48,000 to 99,999	55,500
100,000 to 999,999	59,000
1,000,000 and over	61,000

Each regional superintendent is authorized to appoint at least one assistant regional superintendent. The salary of an assistant regional superintendent ranges from 70 to 90 percent of the salary of the regional superintendent, dependent upon the qualifications of the assistant. For Fiscal Year 1993, $6.43 million is appropriated for the salaries of regional superintendents and their assistants.

Regional Superintendent Audit. The Illinois State Board of Education is responsible for assuring that annual audits are conducted of the financial records of each Educational Service Region. Such audits are to be conducted in accordance with Generally Accepted Government Auditing Standards. Section 2-3.22 requires the State Comptroller to withhold from regional superintendents funds due to school districts in his/her educational service region or his/her compensation until the annual audit is furnished.

The State Board of Education, on February 15 of each year, is required to notify the Legislative Audit Commission in writing of the completion, or of the reasons for the noncompletion of, each audit required by Section 2-3.17a. The State Board of Education is also required, within 60 days after each regional superintendent's audit report is completed, to furnish a copy of that audit report to each member of the General Assembly whose legislative district includes any part of the educational service region served by that regional superintendent and to publish a notice in a newspaper that is published in the educational service region that the audit report has been prepared and is available for inspection during regular business hours at the office of the regional superintendent.

For Fiscal Year 1993, $378,000 is appropriated to the State Board of Education for the payment of contracted financial audits of each Educational Service Region.

Supervisory Expense Fund. Section 18-6 of the School Code provides that the State Board of Education shall annually request an appropriation from the Common School Fund as a regional supervisory expense fund, aggregating $1,000 per county per fiscal year. One-sixth of the aggregate of $1,000 per county is paid in August, and one-twelfth of the aggregate is paid each month thereafter.

Each Regional Superintendent of Schools may draw upon this fund for the expenses necessarily incurred in providing supervisory service in his or her region. The Regional Superintendent of Schools is required by Section 3-15.8 to submit a certified statement of the expenditures made from this expense fund to the State Board of Education. The Fiscal Year 1993 appropriation is $102,000.

Pupil Tuition Claims for Orphanages and Children's Homes or State-Owned Housing

Section 18-3 of the School Code authorizes eligible districts to file a claim for the annual tuition cost for the preceding school year of pupils from orphanages, children's homes, or state-owned housing who attended grades kindergarten through 12 of the public schools maintained by the school district. Payment is based upon a district's prior-year, per capita tuition charge multiplied by the average daily attendance of the pupils from these special settings. The Fiscal Year 1993 appropriation is $1,489,600.

Tax-Equivalent Grants

Section 18-4.4 of the School Code provides for tax-equivalent grants. When a state institution is located in a school district in which the state owns 45 percent or more of the total land area, the school district is eligible to file for a tax-equivalent grant. The grant equals the amount the land would be assessed for taxes if it were privately owned. The calculation is based upon the tax rate for school purposes in the district and the computed value per acre at the average value per acre of the equalized assessed value of all the land assessed in the district. The General State Aid Entitlement of a qualifying district is reduced by adding to a district's General State Aid equalized assessed valuation the amount of equalized assessed valuation used in determining the tax-equivalent grant.

Only one district in the state currently qualifies for a tax-equivalent grant. The appropriation for this grant for Fiscal Year 1993 is $450,800. The district's entitlement was $508,446.34; it received 88.66 percent of this amount.

Teachers' Retirement Contributions

Certificated elementary and secondary public school personnel participate in one of two teacher retirement systems. Qualified personnel of the Chicago Public Schools participate in the School Teachers Pension and Retirement Fund of Chicago. Personnel in all other districts and professional employees of the State Board of Education participate in the Teachers' Retirement System of the State of Illinois.

The State of Illinois is responsible for assuring pension benefits are paid to retired teachers. The state makes annual payments toward the support of both teacher retirement systems. These payments represent employer contributions to the earned benefits of active members. Though a variety of provisions affect the desired or required contributions by the State of Illinois to these systems, the amount contributed each year is a direct function of the amount appropriated by the General Assembly and signed into law by the Governor.

For Fiscal Year 1993, appropriations to these systems totaled approximately $330.5 million, as follows:

State of Illinois Teachers' Retirement	
Regular	$225,850,000
Supplementary	44,481,430
Chicago Teachers' Retirement	
Regular	$ 59,980,300
Supplementary	150,000

The regular appropriations reflected above are appropriated to the State Board of Education. In turn, ISBE sends vouchers for partial payment amounts semimonthly, on the same schedule as General State Aid payments. Regular payments for the downstate system are sent directly to the "downstate" system. Regular payments for the Chicago System are vouchered to the Cook County Regional Superintendent. The Regional Superintendent pays the Chicago Board of Education and the Chicago Board is responsible for payment to the Chicago Teachers' Retirement System.

The supplementary appropriations reflected above are payable directly to the respective retirement systems. These appropriations are to meet the requirements of Sections 16-135, 16-136.2, 16-136.3 and 16-147 (downstate), and Sections 17-154, 17-155 and 17-156 (Chicago) of the Illinois Pension Code, and Paragraph 144.12 (Section 8.12) of An Act in Relation to State Finance, approved June 10, 1919, as amended.

Also included in the Fiscal Year 1993 appropriation to the State Board of Education is $200,000 for payment of one-time employer's contributions to the Teachers' Retirement System as provided for under Section 16-133.2 (early retirement) for superintendents of Educational Service Regions and employees of the State Board of Education.

Categorical Programs

Transportation Claims and Reimbursement

Regular Pupil Transportation. The State of Illinois, through the State Board of Education, provides reimbursements to school districts for certain pupil transportation costs. Subject to various limitations, the state reimburses the "allowable costs" of transporting "eligible" pupils. Reimbursement is adjusted to require districts to assume a qualifying amount of financial responsibility. A district's qualifying amount is the district's equalized assessed valuation multiplied by a computational tax rate. This computational rate is .06 percent for elementary districts, .05 percent for high school districts, and .07 percent for unit districts. The claim for a district is the greater of the amount computed in the reimbursement formula, or $16 multiplied by the number of eligible pupils transported.

Pupils eligible for a district's program include those residing one and one-half miles or more from their attendance center and students who must reach school by walking through a safety hazard area. Designation of a safety hazard area is made by local boards of education, using guidelines established by the Illinois Department of Transportation (IDOT). Final approval is the responsibility of IDOT.

The eligible costs of transportation which a school district may claim for reimbursement purposes are governed by Section 29-5 of the School Code and by regulations promulgated by the State Board of Education. In general, these rules prohibit reimbursement for non-eligible pupils and for non-eligible transportation such as extramural sports travel. A school district may provide transportation through its own program or under contract to a transportation carrier. Section 29-5 and the regulations of ISBE also govern various aspects of the accounting for allowable costs. (See Allowable Pupil Transportation Costs.)

State reimbursements for the current fiscal year are paid against the claims filed by districts for the costs in the prior fiscal year.

In addition to the basic qualifying amount of responsibility of districts, other claim reductions may apply. If the claim amount, as computed by the formula, exceeds four-fifths of the cost to transport eligible pupils, those districts with a transportation fund tax rate less than .12 percent will have their claims reduced. The amount of reduction is computed by subtracting the respective district's transportation tax rate from .12 percent and multiplying the difference by the district's equalized assessed valuation. This reduction cannot, however, decrease the reimbursement below the four-fifths level for those districts whose claim computation is 80 percent or more of the allowable costs.

For Fiscal Year 1993, a total of $117.3 million is appropriated for the reimbursement of the 1991-92 regular and vocational transportation claims of school districts. The amount appropriated is estimated by the State Board of Education to be sufficient to reimburse 91.0 percent of the eligible costs of districts.

Vocational Pupil Transportation. State transportation reimbursement is provided to any school district which transports resident pupils during the school day to an approved vocational program. Approved programs include area vocational centers, the vocational program of a school that is more than one and one-half miles from the school attended, another school district's program offered through an approved joint agreement, and a community college program providing advanced training for students in grades 11 and 12 who desire preparation for a trade. State reimbursement is four-fifths of the allowable cost of such transportation.

State reimbursement for regular and vocational education pupil transportation is made on a quarterly basis.

Special Education Pupil Transportation. Section 14-13.01(b) of the School Code provides for State reimbursement for the transportation of special education pupils as described in Sections 14-1.02 through 14-1.07. Reimbursement is in the amount of four-fifths of the "allowable costs" of transportation for each child who, the State Board of Education determines in advance, requires special transportation services in order to take advantage of special education facilities. Reimbursement may be provided for qualified transportation for special education students enrolled in both public and nonpublic schools.

Allowable costs are subject to state statute and the rules and regulations of the State Board of Education.

The Fiscal Year 1993 appropriation of $102.8 million is sufficient to reimburse approximately 81.3 percent of the 1991-92 special education transportation claims of districts. Payments are made quarterly.

Allowable Pupil Transportation Costs. Section 29-5 of the School Code defines allowable costs for all types of pupil transportation reimbursement. Allowable costs include the costs of physical examinations including drug tests, salaries of drivers, salaries of school bus maintenance personnel, payments to independent carriers, pre-approved contractual expenditures for computerized bus scheduling, gasoline and other supplies, workshops for drivers, maintenance of buses, leasing and rental costs, insurance and licenses, and depreciation for vehicles and equipment. The annual depreciation allowance is 20 percent for school buses and vehicles approved for allowable pupil transportation services. Special education allowable costs also include expenditures for salaries of attendants or aides for the portion of time spent in assisting pupils in transit.

School districts may also claim all transportation supervisory salary costs and all transportation-related building and building maintenance costs, subject to the rules and regulations of the State Board of Education.

Indirect costs are included in the reimbursement claim for districts which own and operate their own school buses. Such indirect costs include administrative costs, any costs connected with buildings used for transportation services, or any costs attributable to transporting pupils from their attendance centers to another school building for instructional purposes. No school district which owns and operates its own school buses may claim reimbursement for indirect costs which exceed five percent of the total allowable costs for pupil transportation.

Hazardous Conditions Determinations. The law allows transportation of pupils who live less than one and one-half miles from the school attended when hazardous conditions exist and public transportation is not available. For determination of the one and one-half miles, distance is measured from the exit of the property where the pupil resides to the school along normally traveled roads or streets. The determination of a safety hazard is made by the local school board, in accordance with guidelines promulgated by the State of Illinois, Department of Transportation, in consultation with the State Board of Education. The Department of Transportation reviews the findings of the local school board and approves or disapproves the findings within 30 days.

The law also requires every school board to review the hazardous conditions annually and certify to the State Superintendent of Education whether or not those conditions remain unchanged. Furthermore, the State Superintendent may request that the Department of Transportation verify that the conditions have not changed.

Pupil Transportation Reimbursement to Parents/Guardians. Section 29-5.2 of the School Code authorizes payments to parents/guardians of eligible students for qualified transportation expenses. Eligibility criteria are:

1. The pupil must be under the age of 21 years at the close of the school year.
2. The pupil must be a full-time student in grades kindergarten through 12.
3. The pupil must live either: 1) 1 1/2 miles or more from the school attended, or 2) within 1 1/2 miles from the school attended for which the parent/guardian has received a formal verification from the Illinois Department of Transportation that a serious safety hazard exists. Application for such verification must be obtained from the respective regional superintendent and completed and returned by the parent/guardian to that regional superintendent on or before February 1. Those applications approved after September 1987 are valid for 4 years, as long as conditions do not change the qualified status of the application.
4. The parent/guardian resided within Illinois during the time period expenses were incurred.
5. The school the pupil attended is located within Illinois and satisfies the Illinois compulsory attendance law.
6. The pupil did not have access to transportation to and from school provided entirely at public expense.
7. The parent/guardian incurred expenses for transporting the pupil to and from school.

The chief school administrator of each school affected must notify the parents/guardians of eligible students about this reimbursement program by the first Monday in November. Parents/guardians are required to complete the claim form at the school(s) their children/child attend(s). Such forms are available at the schools from sometime in February through the deadline of June 30.

Parents/guardians meeting eligibility criteria and completing the necessary forms within the required timelines will receive the lesser of the cost of transportation or the average per pupil reimbursement given to public schools for regular pupil transportation. Claims will be prorated if insufficient funds are appropriated for the program by the General Assembly.

For Fiscal Year 1993, $9,847,000 was appropriated by the General Assembly. Parents have been reimbursed at a rate of up to $100.74 per pupil.

Transportation Program Information. Additional information concerning any of the state transportation programs referenced in this section can be obtained from the Reimbursements Section, Department of School Finance, Illinois State Board of Education, Springfield, Illinois (telephone: 217/782-5630).

Driver Education

The State Board of Education reimburses school districts for certain costs of district driver education programs. Section 27-24.4 of the School Code contains the driver education reimbursement formula. The base reimbursement amount is calculated annually by the State Board of Education. The calculation takes the lesser of the driver education appropriation or the accumulated amount in the driver education fund (less necessary administrative funds) and divides this amount by the total of (a) the number of students who have completed classroom instruction for whom valid claims have been made times 0.2 plus (b) the number of students who have completed practice driving instruction for whom valid claims have been made times 0.8.

The amount of reimbursement to be distributed on each claim is 0.2 times the base reimbursement amount for each validly claimed student who has completed the classroom instruction part plus 0.8 times the base reimbursement amount for each validly claimed student who has successfully completed the practice driving instruction part. Reimbursements cannot exceed a district's program costs.

Sample computation:

$15,000,000 (estimated driver education funds to be available for distribution)

148,000 classroom pupils times	0.2 =	29,600
138,000 practice driving pupils times	0.8 =	110,400
Total (estimate)		140,000

$15,000,000 divided by 140,000 = $107.14 Base Reimbursement Rate

Amount per pupil (classroom) = $107.14 times 0.2 = $ 21.43
Amount per pupil (practice driving) = $107.14 times 0.8 = $85.72

The Fiscal Year 1993 appropriation for Driver Education reimbursement is $15 million. The Illinois State Board of Education makes payments as funds accumulate in the Driver Education Fund from Secretary of State license fees and law enforcement citations.

Subject to State Board of Education rules and regulations, a school district may charge a reasonable fee, not to exceed $50, to students who participate in a driver education course. If a student is unable to pay, the student fee may be waived.

Adult Education and Literacy

Under provisions of the School Code, Sections 10-22.20 and 203-1, Subsection 3-1, the following populations are eligible to participate in adult education programs: a) adults, 16 years of age and older, who have not completed the secondary level and are not otherwise in attendance in school; b) adults, 26 years of age and older, who have completed the secondary level and who can verify a need for job skills improvement and/or employability skills; and c) persons eligible for services under the state public assistance program. The individuals identified above can enroll in adult basic, secondary, vocational, English as a Second Language, and General Educational Development review classes conducted by education agencies. Local education agencies submit applications which are approved by the Illinois State Board of Education.

Participating local education agencies are allowed a uniform reimbursement rate per student unit of instruction (15 hours) in the two subprograms of 1) state adult education and 2) public assistance adult education with a weighting factor for basic and vocational classes.

The funds in the state adult education subprogram are 100 percent State grant funds, with $6,967,600 appropriated for Fiscal Year 1993. Under the public assistance subprogram, federal funds reimburse a percent of the cost of services through a contract with the Illinois Department of Public Aid. The General Assembly appropriated $9,734,900 for this subprogram.

Local education agencies and public community colleges are eligible to apply for funds through an area planning council and application process.

Under certain conditions the State Board of Education may enter into agreements with public or private agencies other than public schools for the establishment of classes conducted pursuant to Section 10-22.20 of the School Code.

For Fiscal Year 1993, $1,150,000 has been appropriated as part of the State's matching funds for the Federal Adult Education Program. The Federal Adult Education Act (Public Law 100-297) signed into law on April 28, 1988, increased the State's matching requirements over a three-year period. Through Fiscal Year 1989, the State's matching requirement was 10 percent. It increased to 15 percent in Fiscal Year 1990, 20 percent in Fiscal Year 1991 and 25 percent in Fiscal Year 1992.

For further information concerning adult education, contact the Adult Education and Literacy Section, Illinois State Board of Education, Springfield, (telephone: 217/782-3370).

Special Education Programs, Claims and Reimbursement

Special Education Personnel Reimbursement. The State reimburses school districts or special education cooperatives for approved special education personnel and for home/hospital

services. Districts are reimbursed during Fiscal Year 1993 as follows:

1) For eligible children with physical disabilities and all eligible children whose placement determined under Section 14-8.02 is in hospital or home instruction, one-half of the teacher's salary, but not more than $1,000 annually per child or $8,000 per teacher, whichever is less.
2) For each full-time professional worker, $8,000. This is limited to speech correctionists, school social workers, school psychologist interns, school social work interns, school nurse interns, certified school nurses, registered therapists, professional consultants, special education administrators or supervisors, and special education certified teachers.
3) For each full-time qualified director of special education, $8,000.
4) For each full-time, school psychologist, $8,000.
5) For each full-time, qualified teacher working in an approved program for preschool children with hearing impairments, $8,000.
6) For readers, working with children with visual impairments, one-half of their salary, but not more than $400 annually per child.
7) For necessary noncertified employees working in any approved class or program, the lesser of one-half of the salary paid or $2,800 annually per employee.

When a school district or special education cooperative operates an approved school or program in excess of the adopted school calendar, personnel reimbursement for each additional day is available at 1/185 of the amount or rate paid. A maximum of 235 days is allowed. The Fiscal Year 1993 appropriation for personnel reimbursement to school districts under Section 14-13.01 of the School Code is $188.6 million. Claims are being paid at an estimated 90.5 percent proration level. Payments are made quarterly.

Tuition for Pupils with Disabilities Attending Private Schools or Special Education Facilities, Out-of-State Public Schools, or Public School Residential Facilities. The State reimburses the approved tuition cost for special education and related services during the regular and summer school terms under a two-tier reimbursement formula pursuant to Section 14-7.02 of the School Code.

The first tier provides state reimbursement for the difference between the district's per capita tuition charge and the lesser of $4,500 or the tuition cost of the facility providing services.

When the tuition charge is greater than the district's per capita tuition charge for regular pupils plus $4,500, the second tier provides that the State will reimburse the amount in excess of the district's per capita plus $4,500 in addition to the amount calculated in tier one.

The Fiscal Year 1993 State appropriation in the amount of $22,950,000 is to honor tuition claims from the 1992-93 school year. Funds are estimated to be sufficient to pay claims at the 87 percent level. Payments are made quarterly.

Extraordinary Special Education Costs. Section 14-7.02a of the School Code provides state reimbursement up to a maximum of $2,000 per child to school districts whose costs after other reimbursements exceed the district's per capita tuition charge. Costs must be calculated pursuant to Section 14-7.01. The Fiscal Year 1993 appropriation of $62,330,400 is expected to be sufficient to fund approximately 38.3 percent of claims from the 1991-92 school year. Payments are made quarterly.

Special Education Pupils from Orphanages, Children's Homes, State Housing Units or Foster Homes. Section 14-7.03 of the School Code authorizes current funding to school districts for providing preapproved special education services to eligible children with disabilities. Tuition costs must be calculated using the per capita formula set forth in Section 14-7.01. For those districts claiming individual students, an eligibility verification is required prior to receipt of funds. For group programs, budget approval is required prior to receipt of funds. The Fiscal Year 1993 appropriation is $44,170,800, which is expected to be sufficient to fund an estimated 86 percent of claims.

Special Education Summer School. Pursuant to Section 18-4.3, an appropriation of $3,027,000 is available to reimburse 1992 summer school for pupils eligible under Sections 14-7.02 and 14-7.02a of the School Code. Pupil enrollment of at least 60 clock hours is required.

Community and Residential Services Authority. A total of $177,000 is appropriated to the State Board of Education for operational costs of the Community and Residential Services Authority (CRSA) for Behavior Disordered and Severely Emotionally Disturbed Children and Adolescents. The CRSA is an interagency organization coordinating the placement and funding responsibilities of the various participating agencies. For further information, contact Gary Seelbach, CRSA director, c/o Illinois State Board of Education (telephone: 217/782-2438).

Special Education Materials. A 1993 fiscal year appropriation of $790,700 is available to provide for the production, procurement, storage, and distribution of special education materials for children and adults with visual impairments pursuant to Section 14-11.02 of the School Code. Springfield School District 186 is the administrative agent for this program. For further information, contact Dr. Mary F. Loken, Assistant Superintendent, Special and Alternative Services, Springfield School District 186, 1900 West Monroe Street, Springfield, Illinois 62704.

Statewide School and Service Center for Deaf/Blind Persons. The State Board of Education is appropriated $2,235,000 in Fiscal Year 1993 for the basic operation of the Philip J. Rock Center and School for services to deaf/blind individuals. Program authorization is in Section 14-11.02 of the School Code. The center is located at 818 DuPage Boulevard, Glen Ellyn, Illinois 60137. The telephone number is 708/790-2474.

Regional Low-Incidence Programs. A Fiscal Year 1993 appropriation in the amount of $1.5 million is made to the State Board of Education for distribution to eligible recipients for establishing and/or maintaining education programs for pupils with low-incidence disabilities. Program information is available from the State Board of Education, Department of Special Education (telephone: 217/782-6601).

Regular Education Initiative. The General Assembly appropriated $1.2 million in Fiscal Year 1993 for the Regular Education Initiative (REI) program. This funding source allows for increased collaboration and cooperation between regular and special education. Due to the availability of these funds, in-service (continuing) education has been offered to hundreds of educators throughout the State on an ongoing basis.

Direction Service Center

The Direction Service Center of Illinois serves as a referral and information clearinghouse regarding services for handicapped children and adults. The Center assists families and advocates in contacting resources throughout the state.

Original funding was from federal grants. The General Assembly made no appropriation for the Center for Fiscal Year 1993. The Center is continuing to function because of contractual agreements with other State agencies, including the State Board of Education. Further information may be obtained by contacting the Direction Service Center at 730 East Vine Street, Room 107, Springfield (telephone: 217/523-1232 TDD or voice).

Gifted Education

Gifted Education Reimbursement Program. Article 14A of the School Code authorizes the State Board of Education to reimburse districts for services and materials to assist in implementation of the Comprehensive Gifted Education Plan. Funds are distributed on either a formula or personnel basis. Under the formula method, districts may claim up to 5% of the number of students in average daily attendance. Under the personnel method, each full-time professional who meets established standards generates $5,000. The Fiscal Year 1993 appropriation totals $10,059,600.

For further information, contact the Grants and Applications Section, Illinois State Board of Education (telephone: 217/782-3810).

Gifted Fellowship Program. Article 14A-8 provides for fellowship grants to graduate students who are interested in working in programs designed to improve their competency in the education of gifted and talented children in Illinois. Fellowships are awarded in the amount of up to $2,000 per full academic year. Recipients must agree to contribute and report their contributions to gifted and talented education programs for a period of two years following funding. The Fiscal Year 1993 appropriation is $52,800. For additional information, contact the Textbooks and Scholarships Section, Illinois State Board of Education (telephone: 217/782-9374).

Traineeship Program

Article 14A-8 authorizes the State Board of Education to make traineeship grants to persons majoring in mathematics and/or science. Grants may not exceed $1,000 per academic year. Trainees completing the program are expected to accept offered teaching employment in Illinois within one year and teach one semester for each year of funding. The traineeship grant must be returned if the recipient fails to meet the reporting and compliance provisions of the grant. The Fiscal Year 1993 appropriation is $25,000. For additional information, contact the Textbooks and Scholarships Section, Illinois State Board of Education (telephone: 217/782-9374).

Vocational Education

Both the Illinois General Assembly and Congress provide funding for vocational/technical education programs designed to prepare Illinois youth and adults for employment. Federal funding is discussed in Chapter II of this publication.

Approximately $46,476,800 in state funds provide formula reimbursements to local education agencies for students enrolled in approved vocation programs during 1992-1993. Additional state funds (about $1.5 million) were allocated for the Vocational Instructor Practicum, a staff development activity, outlined in the School Reform Measures section of this report; $3,000,000 have been appropriated for a Technical Preparation Program.

The Illinois Counsel on Vocational Education, an advisory group to the State Board of Education, has been appropriated $83,500 for Fiscal Year 1993.

In Fiscal Year 1993, $3 million will be used to implement Vocational Education Technical Preparation Programs throughout Illinois. These funds will complement federal funding (See: Chapter II) and allow expansion to additional secondary sites and occupational program areas.

Illinois State Free Lunch and Breakfast Programs

Illinois law requires all public schools to provide free lunches to needy students. Schools serving meals can receive financial assistance through participation in the Illinois State Free Lunch and Breakfast Programs.

These programs are voluntary and are available to both public and private school systems. Participating schools are reimbursed $.125 for each free lunch and each free breakfast served to an eligible student. The current appropriation is $12,790,300.

Schools that wish to receive additional information should contact the Department of Child Nutrition (telephone: 800/545-7892 or 217/782-2491; the FAX number for the department is 217/524-6124).

School Reform Measures

Early Childhood Education

Prekindergarten Program for Children at Risk of Academic Failure. Statutorily authorized by Section 2-3.71(a) of the School Code, the Prekindergarten Program for Children at Risk of Academic Failure was established in 1985 to provide grants to public school districts to conduct screening programs to identify children aged three through five who are at risk of academic failure and to provide appropriate educational programs for those children to increase their likelihood of school success.

In Fiscal Year 1993, 31,000 three- and four-year old children will be served in developmentally appropriate preschool programs with an appropriation of $75,571,200 in grants to public school districts; an additional $252,000 has been appropriated for administration of the program. Other program components include evaluation and parent involvement, with an emphasis on linkage with agencies and organizations in the community which also serve the same population. The 31,000 children who are being served in Fiscal Year 1993 are located in 510 school districts (including 43 joint agreements) in 100 counties.

Coordinated Model Preschool Educational Program. Section 2-3.71(b) of the School Code authorizes the State Board of Education to provide grants to school districts and to public and private institutions of higher education to establish and implement coordinated model preschool programs which include both a research component in early childhood development and psychology and a personnel training component in preferred teaching methodologies in effective preschool education.

Fiscal year 1993 is the first year of funding for this program. Up to 5 percent of the amounts appropriated under Section 2-3.71 may be used for this program; $300,000 has been allocated by the State Superintendent of Education for the Coordinated Model Preschool Educational Program.

Model Early Childhood Parental Training Program. Statutorily authorized by Section 2-3.71a of the School Code, the Model Early Childhood Parental Training Program was enacted to allow the State Board of Education to provide grants to public school districts to conduct training programs for the parents of children in the period of life from birth to kindergarten entry.

In Fiscal Year 1993, $3 million was appropriated for this purpose; the program is projected to serve 21,093 families in 175 school districts.

Prevention Initiative Program for At-Risk Infants and Toddlers and Their Families. The purpose of the Prevention Initiative Program for At Risk Infants and Toddlers and Their Families is to reduce school failure by coordinating and expanding health, social, and/or child development services to at-risk infants and toddlers and their families who reside in Families with a Future areas. Families with a Future areas are identified by the Department of Public Health; their purpose is to reduce infant mortality in Illinois.

The Illinois General Assembly has appropriated $2 million for the Prevention Initiative Program for Fiscal Year 1993. The Fiscal Year 1993 program will support services to approximately 1,000 families and 1,800 children.

For additional information, please contact the Early Childhood Education Section at 217/524-4835.

Reading Improvement

Section 2-3.51 of the School Code authorizes the State Board of Education to fund school districts for improving reading and/or study skills of students in grades kindergarten through six. These funds are distributed on a formula basis with seventy percent of the funds allotted on the basis of the latest available best three months K-6 average daily attendance. The remaining 30 percent is based on ESEA, Chapter 1 eligible prorated at 7/9 for elementary districts and 7/13 for unit districts. Funds may be used to provide reading specialists, teacher aides, other personnel, books and other printed materials to improve K-6 reading and/or study skills. Appropriations for Fiscal Year 1993 total $40,155,300 million. Payments to districts are made semiannually.

For further information, contact the Grants and Applications Section, Illinois State Board of Education (telephone: 217/782-3810).

Mathematics and Science Equipment

Section 2-3.54 of the School Code authorizes the State Board of Education to make loans of mathematics and science equipment. Equipment and related instructional materials are available, free of charge, to students enrolled in grades kindergarten through 12 at a public or nonpublic school which is in compliance with the compulsory attendance laws of the state and with Title VI of the Civil Rights Act of 1964. The Fiscal Year 1993 reappropriation from the Build Illinois Bond Fund is approximately $1.5 million. This provides for liquidation of Fiscal Year 1992 obligations and for payment of Fiscal Year 1993 obligations of public and nonpublic schools. Participating public and nonpublic schools order equipment pursuant to program terms outlined by the rules and regulations of the State Board of Education.

For further information, contact the Grants and Applications Section, Illinois State Board of Education (telephone: 217/782-3810).

Curriculum and Teacher Development

Alcohol and Drug Education Initiative (Substance Abuse and Education Program). As a result of Public Act 86-822 passed in 1989, the State Board of Education is authorized to award grants to school districts for the purpose of establishing drug-free school and community planning and implementation strategies and for staff development activities, software and curriculum materials. The Fiscal Year 1993 appropriation for this grant program to the State Board of Education is $4,486,200.

Arts Programs Grants. Section 2-3.65 of the School Code authorizes the State Board of Education to provide grants to school districts for the purpose of developing comprehensive arts programs in music, art, drama and dance for students in kindergarten through grade six.

The Fiscal Year 1993 appropriation to the State Board of Education of $499,700 provides grants to local school districts for planning these district-wide comprehensive arts programs.

Certification Testing. Beginning July 1, 1988, teachers, school service personnel, and administrators seeking Illinois certificates are required to pass a basic skills test and a subject-matter knowledge test to achieve certification. Testing requirements apply to those seeking certificates in early childhood, elementary, special, and secondary education or administration. The tests cover both basic skills and subject-area knowledge. The tests are designed under the direction of the State Board of Education, in consultation with the State Teacher Certification Board, and prepared by an educational testing organization.

The Fiscal Year 1993 appropriation to the State Board of Education includes $150,000 for the ongoing development of these tests of basic skills and subject-matter knowledge.

Vocational Instructor Practicum (VIP). The objective of this program is to place public school counselors, public vocational education teachers and administrators in private/public-sector positions for continuing education. This program is administered at the local level by the eighteen Educational Service Centers (ESCs). The ESCs may award grants up to $2,000 to each eligible vocational education applicant. Eligible VIP applicants must be listed in regional system and community college plans and spend more than 50 percent of their time in Education for Employment programs.

For Fiscal Year 1993, approximately $1.5 million has been appropriated by the Illinois General Assembly to support the program.

Staff Development Programs. Under Section 2-3.59 of the School Code, school districts are required to conduct staff development programs. Following State Board of Education approval of district plans, the Board will provide funds to school districts to aid in conducting such staff development programs.

A Fiscal Year 1993 appropriation of $3.1 million provides grants for regional and local programs for staff development activities. Pursuant to Section 2-3.59, staff development programs can include services provided through cooperatives or joint agreements made with the administrative agents for educational service centers or regional superintendents acting on behalf of such entities.

For further information, contact the Grants and Applications Section, Illinois State Board of Education (telephone: 217/782-3810).

Student Assessment. Under Section 2-3.64 of the School Code, school districts must test the proficiency of pupils enrolled in grades 3, 6, 8, and 10 in reading, mathematics, and language arts and students in grades 4, 7, and 11 in science and social science. A learning objectives approach to curriculum development is also required.

A Fiscal Year 1993 appropriation of $4,476,600 is allocated to the State Board of Education for the development and implementation of the Illinois Goal Assessment Program (IGAP). In April 1993, nearly 800,000 third, fourth, sixth, seventh, eight, tenth and eleventh grade pupils will take the IGAP reading, writing, mathematics, science and social science assessments. Each superintendent and principal receives information that can be used to compare their district's and school's progress to state and national standards, as well as their own trend results.

Educational Service Centers

In 1985 the Illinois General Assembly directed the State Board of Education to establish Educational Service Centers (ESCs). According to the legislation, services to be made available by these centers shall include the planning, implementation and evaluation of:

(1) education for gifted children through area service centers, experimental projects and institutes as provided in Section 14A-6;

(2) computer technology education including the evaluation, use and application of state-of-the-art technology in computer software as provided in Section 2-3.43; and

(3) mathematics, science and reading resources for teachers including continuing education, inservice training and staff development.

Centers may also provide training, technical assistance, coordination and planning in other program areas such as career guidance, early childhood education, alcohol/drug education and prevention, family life/sex education, electronic transmission of data from school districts to the state, alternative education, identification of exemplary programs and regional special education (Section 2-3.62 of the School Code).

Operating under rules established by the State Board of Education, the ESCs are directed by governing boards consisting of local educators and community members and serve the school population located within a particular geographic region of the state. Each Center is staffed by a director, professional educators and support staff. The capacity of each ESC to deliver services to its client schools is enhanced by the regular use of consultants from the local schools, colleges and universities, and public and private sources.

Although the programs and resources provided via the Centers vary from region to region based on the local needs, each currently delivers services and activities associated with the following programs:

- The Illinois Administrators' Academy
- Learning Objectives and Student Assessment
- Eisenhower Math/Science Act
- Mathematics, Science and Reading
- Gifted Education
- Technology Education
- Staff Development
- Accelerated Schools and At-Risk Programs
- Vocational Instructor Practicum

Local perspective is infused into these statewide programs via use of advisory committees, consultants, workshop evaluations, and each ESC's governing board.

The Fiscal Year 1993 appropriation available for the administration of the Educational Service Centers in Illinois is $8,280,900.

Information concerning the operation and services of ESCs can be obtained through the School Improvement Planning and Assistance Section, State Board of Education (telephone: 217/782-2826).

Illinois Administrators' Academy

The State Board of Education provides funding for an Illinois Administrators' Academy, whose services are delivered through the 18 Educational Service Centers (ESCs). The purpose of the Academy is to provide administrators opportunities to develop skills in instructional leadership through participation in a diverse training and professional growth curriculum. For Fiscal Year 1993, $806,800 is appropriated to the State Board of Education for the coordination, design and delivery of services of the Illinois Administrators' Academy. For further information, contact the School Improvement Planning and Assistance Section, Illinois State Board of Education (telephone: 217/782-2826).

Mathematics and Science Academy

The Illinois Mathematics and Science Academy is a three-year residential institution funded by state appropriations, private contributions and endowments. Admission to the Academy is determined by competitive examination and recommendations from the students' mathematics and science teachers and their school principal or guidance counselor. During the seventh year of operation, approximately 650 high-school-age students from across Illinois are enrolled at the Academy's Aurora site.

Public Act 85-1019 transferred supervisory responsibility for the Academy from the Illinois State Board of Education to the Board of Higher Education.

A total of $11,484,500 was appropriated in House Bill 2703 (Public Act 87-864) to the Board of Higher Education for the operating expenses of the Academy for Fiscal Year 1993. An additional $364,700 was appropriated for retirement contributions.

Additional information concerning the Illinois Mathematics and Science Academy can be received by contacting the Board of Higher Education, Springfield (telephone: 217/782-2551) or the Academy in Aurora (telephone 708/801-6000).

Special Needs Programs

Agricultural Education. For Fiscal Year 1993, $1,040,000 was appropriated to the Illinois State Board of Education for agricultural education. These funds support initiatives to improve and expand agricultural education programs throughout the State through direct grants to local education agency agricultural education programs, curriculum development activities and inservice for instructors.

Additional information on this program may be obtained from the Department of Adult, Vocational and Technical Education, State Board of Education (telephone: 217/782-4870).

Consumer Education Proficiency Test. Section 27-12.1 of the School Code requires high school students to obtain specific consumer knowledge and awareness. A 1985 change in the law permitted students to be excluded from mandated consumer education courses upon passage of a proficiency exam.

For Fiscal Year 1993, the State Board of Education is appropriated $150,000 for the development and implementation of a consumer education proficiency test.

Truants' Alternative and Optional Education Programs. Section 2-3.66 of the School Code authorizes the State Board of Education to establish programs which offer modified instructional services designed to prevent students from dropping out of school. Programs may also be designed which serve as part-time or full-time options in lieu of regular school attendance and may be operated by regular school districts, educational service regions, and community college districts. In Fiscal Year 1993, the $17,460,000 appropriated to the State Board of Education will support grants to provide truancy/dropout prevention services to at-risk youth in 76 projects statewide. For further information, contact the Department of Student Development Services, Illinois State Board of Education, Springfield (217/524-4835).

Literacy Services. Senate Bill 730 (1985) created a Literacy Advisory Board to advise the Secretary of State and authorized the Secretary of State to administer a program of grants to combat illiteracy in Illinois.

A Fiscal Year 1993 appropriation of $5 million was made to the Secretary of State for support and expansion of literacy programs administered by education agencies, libraries, volunteer and community-based organizations, and private businesses. An additional $293,358 was appropriated for grants to school libraries.

For additional information, contact the Literacy Office Coordinator, Office of the Secretary of State, 431 South Fourth Street, Springfield, Illinois 62701, telephone 217/785-5921.

Teacher Scholarships/Teacher Compensation

Equal Opportunity Scholarships. There are documented shortages of minorities and women in educational administration throughout our nation. Under Section 30-4d of the School Code, the State Board of Education is authorized to administer a scholarship program to enable eligible women and minorities to begin and complete graduate training in educational administration.

A Fiscal Year 1993 appropriation of $276,200 is available to the State Board of Education for equal opportunity scholarships to women and minorities for graduate training in educational administration.

Teacher Shortage Scholarships. To address shortages in specific teaching subject areas, Senate Bill 730 (1985) added Section 30-4c to the School Code. Under this provision, the State Board of Education administers a program of college scholarships available to persons preparing to teach in areas of identified staff shortages. Participants are selected based upon academic performance and the availability of funds.

Following completion of the scholarship recipient's program of study, the individual must accept employment within one year in an elementary or secondary school and teach for a period of at least three years. Individuals who fail to comply with these requirements must refund the value of the scholarships. The State Superintendent of Education is responsible for designating subject areas experiencing teacher shortages.

A total of $553,400 is appropriated to the State Board of Education for scholarships for the training and retraining of teachers in designated areas of teacher shortages to be awarded in Fiscal Year 1993.

Other State Funding

Illinois State Board of Education Administration

The operating expenses of the State Board of Education are met through a combination of state and federal funds. The appropriation from state funds to meet the ordinary and contingent expenses of the Illinois State Board of Education are shown below.

Fund Source	Amount
State–General Revenue	$19,618,000
Accountability Implementation	232,800
State–Driver Education	647,200
Preschool Administration	252,000
Accounts Receivable Fund	178,000
Total	**$20,928,000**

An additional $25.5 million is appropriated to the State Board of Education from federal grant funds for operating purposes.

School Facility Funding

The School Construction Bond Act authorized the Capital Development Board to make grants to local school districts for health/life safety, rehabilitation/renovation and new construction. The amounts granted are based upon a "Grant Index" formula which makes comparisons by district type (elementary, high school, and unit) on the basis of the ratio of weighted average daily attendance to the district's equalized assessed valuation per pupil. The amount of the grant index may not be less than 20 percent nor greater than 70 percent of the recognized project costs. Districts are ranked in priority order based on emergencies, health/life safety hazards, and unhoused students. General funding under this grant program was provided under a state bond issue. Funds from that bond issue are exhausted, and no new funding is presently authorized.

School district construction funds may also be appropriated in specific amounts for specific school projects. Obtaining appropriations of this nature is the responsibility of the local district.

A total of $21.7 million in capital project reappropriations (of prior-year appropriations) was made for Fiscal Year 1993 to the Capital Development Board. A new appropriation of $2,500,000 was made for providing assistance to Plainfield School District 202 to replace facilities destroyed by a tornado on August 28, 1990.

Build Illinois Funding

No new school-related Build Illinois projects were appropriated or reappropriated for Fiscal Year 1993.

Debt Service for School Construction Bonds

House Bill 2703 (Public Act 87-864) appropriates funds for the payment of debt service for bonds previously sold by the State of Illinois for school construction purposes. The appropriated principal amount is $13.2 million and the appropriated interest amount is $7.4 million for Fiscal Year 1993.

Statewide School Weatherization Program

Approximately $2.0 million for program grants has been reappropriated in Fiscal Year 1993 to the Illinois Department of Energy and Natural Resources for expenses connected with a Statewide School Weatherization Program. The Illinois Department of Energy and Natural Resources administers the weatherization program, subject to the requirements of the federal government and the federal courts. Funding available under the program is the responsibility of the Department of Energy and Natural Resources. For further information concerning this program, contact Mr. Greg Lenaghan, acting manager, Institutional Conservation Program (ICP), Department of Energy and Natural Resources, 3rd Floor, 325 West Adams Street, Springfield, Illinois 62704 (telephone: 217/785-3983).

Bilingual Programs

Appropriations are provided in Fiscal Year 1993 in the amount of $20,262,500 for school districts outside of Chicago that provide Transitional Bilingual Education programs (TBE) and Transitional Programs of Instruction (TPI) for children of limited-English proficiency.

Upon receiving program approval from the State Superintendent of Education, districts are eligible for reimbursement for excess program costs. The bill also provides $27,611,700 for reimbursement to Chicago School District 299 for approved bilingual programs (TBE and TPI). The total state appropriation for bilingual programs is $47,874,200.

Bilingual education is a current-funded program. School districts file three estimated quarterly claims and a final adjusted claim.

Senate Bill 730 (1985) increased school district responsibilities in providing transitional bilingual education. It extended the responsibilities of school districts by requiring services to all limited-English-proficient students in need. Where fewer than 20 children in any language classification are in an attendance center, the district must provide a locally determined transitional program of instruction based upon an individual student language assessment.

For further information, contact the Bilingual Education Section, Illinois State Board of Education, Chicago (telephone: 312/814-3850).

Hispanic Students

The Fiscal Year 1993 appropriation to the State Board of Education includes $374,600 to fund program services recommended by the State Task Force on Hispanic Student Dropouts. Five separate programs are funded.

Program	Amount
Summer programs	$ 99,900
Night programs	99,900
After-school activities	99,900
Career counseling programs	25,000
Tutorial programs	49,900
Total	$374,600

Department of Corrections School District

The Illinois Department of Corrections, through the Department of Corrections School Board, operates a regular school district. The Department of Corrections appropriations bill contains $21.4 million for the operation of the school district for Fiscal Year 1993. No General State Aid assistance is provided to this district, but the district is eligible for certain categorical state funding and federal program funding.

Textbook Loan Program

The Illinois State Board of Education is required to provide, free of charge, the loan of textbooks listed for use by the Illinois State Board of Education to any kindergarten through grade 12 student. The students must be enrolled in a public or nonpublic school that is in compliance with the state's compulsory attendance laws and Title VI of the Civil Rights Act of 1964. This Illinois State Board of Education service must be provided directly to the students at their request or at the request of their parents or guardians. The Illinois State Board of Education has adopted rules and regulations to administer the act and to facilitate the equitable participation of all eligible students.

Fiscal Year 1992 funding provided textbooks for the 15 percent of grade 9 students who requested textbooks in Fiscal Year 1991 and did not receive them. It also provided textbooks for all of the students in grade 10 who requested textbooks for Fiscal Year 1992.

Students in the public schools accounted for 89.36 percent and those in the nonpublic schools accounted for 10.64 percent of the money spent under this program during Fiscal Year 1992.

The Fiscal Year 1993 appropriation for the Illinois Textbook Loan Program is $5,300,000. This amount will provide textbooks for grade 11 students who requested them and approximately 25 percent of the students in grade 12 who requested them.

For additional information, contact the Textbooks and Scholarships Section, Illinois State Board of Education (telephone: 217/782-9374).

Illinois Educational Labor Relations Board

A total of $1,100,800 is appropriated in Fiscal Year 1993 for the operating expenses of the Illinois Educational Labor Relations Board. This board oversees the administration of state law, with respect to collective bargaining in Illinois public educational programs.

Mathematics and Science Scholarships

A total of $8,000 is appropriated in Fiscal Year 1993 to the State Board of Education for the granting of scholarships for students pursuing teaching careers in the fields of mathematics and science.

Illinois Governmental Internships

In cooperation with Springfield School District 186, the State Board of Education finances a high school internship program known as the Illinois Governmental Internship Program. Under this program high school seniors from across Illinois serve semester-long internships in state government-related positions. Students live in Springfield during their internships. Funding for the Fiscal Year 1993 program is $129,900.

Report Cards

For Fiscal Year 1993, a total of $1 million was appropriated to the State Board of Education for reimbursement of expenses related to printing and distributing report cards pursuant to Sections 10-17a and 34-88 of the School Code.

The law requires that, prior to October 31 each year, school districts submit a report card for each of their schools to parents, taxpayers, the Governor, the General Assembly, the State Board of Education, and regional superintendents. The report cards are also to be made available to a newspaper of general circulation serving the districts.

Criminal Background Investigations

For Fiscal Year 1993, a total of $164,000 was appropriated to the State Board of Education for reimbursement of expenses related to the performance of criminal background investigations pursuant to Sections 10-21.9 and 34-18.5 of the School Code.

Citizens' Council on School Problems

The Illinois General Assembly funds a series of Citizens' Councils. Monies for these councils are appropriated in one budget to the Citizens' Assembly. The General Office of the Citizens' Assembly is reluctant to break down the appropriation by council. Since its inception, the Citizens' Council on School Problems has been involved with reexamining the General State Aid formula to determine if there is a "better way" to distribute General State Aid. The Council is chaired by Senator Arthur L. Berman. The membership includes Mr. Ken Bruce, Ms. Mary Ann Burgeson, Representative Mary Lou Cowlishaw, Senator Vince Demuzio, Ms. Sally Hoerr, Ms. Patricia Costello, Senator John Maitland, Jr., Senator Doris Karpiel, Mr. Burton Weinstein, Representative Richard Mulcahey, Representative Vince Persico, Mr. Dave Peterson, Representative Helen Satterthwaite, Ms. Ruby Collins Sweigart, and Ms. Barbara Toney. For further information concerning the Citizens' Council on School Problems, contact the Citizens' Assembly, 222 South College Street, Suite 302, Springfield, Illinois 62704 (telephone: 217/782-4546).

Citizens' Council on Children for U-RATE Program

The appropriation for this program for Fiscal Year 1993 is $1,000. The purpose of the program is to provide recognition to children who provide volunteer services through an organized school group. Examples of the services provided are peer counseling and visitations to nursing homes.

Substance Abuse Prevention (Drug Education)

Section 2-3.92 of the School Code authorizes the State Board of Education, in consultation with the Department of Commerce and Community Affairs and the Department of Alcoholism and Substance Abuse, to establish criteria for implementing a program which recognizes schools, communities and businesses that are drug-free.

Section 2-3.93 of the School Code authorizes the State Board to award competitive grants to school districts for the purpose of developing drug-free community planning and implementation strategies through joint efforts. In addition, grants shall be made to qualifying school districts for staff development activities, software and curriculum materials. The Fiscal Year 1993 appropriation for this program is $4,486,200.

Scientific Literacy

Section 2-3.94 of the School Code authorizes the Illinois State Board of Education to enter into contracts with or award grants to the educational service centers, the Illinois Mathematics and Science Academy, colleges and universities, and other not-for-profit organizations devoted to scientific literacy to provide inservice/staff development for elementary and secondary teachers. The State Board may also provide grants for colleges and universities to review and revise the pre-service curriculum in mathematics and science. Additionally, the State Board shall provide competitive grants to school districts and not-for-profit organizations devoted to scientific literacy to provide pilot programs in scientific literacy.

Section 2-3.95 of the School Code creates, within the State Board of Education, a Center on Scientific Literacy to provide technical assistance to school districts. The center maintains an advisory committee and coordinates and supports the development of alternative curriculum models and appropriate assessment instruments. The Fiscal Year 1993 appropriation for this program is $9.7 million.

Second Language

The State Board of Education is authorized to provide competitive grants to school districts to plan and/or implement new second (foreign) language programs in grades K-12 designed to increase the number of students who are learning second languages. The Fiscal Year 1993 appropriation for this program is $500,000.

Illinois Occupational Information Coordinating Committee

An appropriation of $25,000 has been provided to support activities of the Illinois Occupational Information Coordinating Committee. The purpose of this appropriation is to help ensure the continuation of adequate occupational and career information delivery systems to respond to the increasing demand for training and technical assistance and to support the implementation of the Illinois Labor Market Information Plan.

For additional information, please contact the Innovation and Performance Management Section in Springfield at 217/782-4620.

Minority Transition Program

A total of $200,000 has been appropriated for Fiscal Year 1993 for the purpose of providing assistance to minority students in preparing for college. The University of Chicago will receive $125,000 and Chicago State University will receive $75,000 to develop "Pilot Enrichment Programs." Evening and Saturday offerings will be developed to assist minority students in preparing for the ACT and SAT tests and for college-level work. Additional information can be secured by contacting the Urban and Ethnic Education Section in Chicago at 312/814-3606.

Evaluation - Reform Programs

Three reform programs have been selected for evaluation this fall. The Illinois Gifted Education Program, the Scholarships Program, and the State Chapter 1 Program will be evaluated by agencies outside the Illinois State Board of Education.

Contracts have been awarded to Educational Testing Service, Evanston, Illinois, to evaluate the Scholarship Program and to Evaluation Systems Design, Inc., Tallahassee, Florida, to evaluate the Illinois Gifted Education Program.

The contract to evaluate the State Chapter 1 Program was awarded in January to PRC of Indianapolis, Indiana.

Evaluation activities began in November 1992 with the final reports to be presented to the State Board of Education on March 31, 1993 and May 28, 1993.

The Fiscal Year 1993 appropriation for these evaluations is $150,000.

Task Force on School Finance

The amount of $25,000 was appropriated for Fiscal Year 1993 to support the work of the Task Force. A discussion of the work of the Task Force is included in Chapter VI.

Illinois Teacher of the Year Award

The purpose of this program is to provide funds for the Teacher of the Year Award. Each year, through the Those Who Excel program, a Teacher of the Year is selected. The selected teacher acts as "Ambassador" for the teaching profession during the second semester and is also provided the opportunity to spend the following year in advanced studies. As an "Ambassador," the teacher travels around the state speaking to civic groups, parent groups, inservice workshops, college classes, career nights, the news media and other forums.

The State Board will reimburse the school district of the selected teacher for the costs incurred in the "Ambassador" component of the program and the teacher salary and fringes associated with a year's leave of absence for the teacher to pursue graduate studies in a subsequent year. The amount of $85,000 has been appropriated for this program.

Urban Education Partnership Grants

This program provides funding on a competitive grant basis to schools within urban school districts in Illinois. The program is intended to improve the academic achievement of students in urban schools through implementing the research principles of effective schools, restructuring schools, and developing collaborative partnerships between schools and businesses, social agencies, higher education, parents, and/or local governmental agencies. Funding for this program is provided through General Revenue Funds ($350,000) and ESEA Chapter 2 Discretionary Funds ($700,000). Additional information can be secured by contacting the Urban and Ethnic Education Section in Chicago at 312/814-3606.

Illinois Scholars Program

The purpose of this program is to initiate a teacher recruitment and training program unlike any other in the nation which would address the problem of reduced numbers of students, especially minority students, choosing teaching as a career. High school students would be nominated in their junior year by teachers, counselors or principals, based on their capacity to become great teachers. Selected in the fall of their senior year, scholars would be mentored through college and into their teaching careers by Golden Apple Winners.

- Scholars would receive financial assistance for college costs in excess of available financial aid and family contributions (i.e., "last dollar" assistance).
- Throughout the academic year, scholars would participate in work/study programs involving children in school environments.
- Scholars would receive a bonus for teaching in schools with a disproportionate number of students from low-income families.

In the first year of the expanded statewide Illinois Academy Scholars Program, 60 qualified scholars would be selected. In the second year and beyond, 100 scholars would be selected. In accordance with the distribution of the school-age population in Illinois--63% of which is accounted for in the greater Chicago metropolitan area--approximately 60 scholars would be selected from Cook, Lake, DuPage, McHenry, Will and Lake counties and 40 scholars would be selected from the remaining downstate counties. After five years of the program, 400 scholars would be in college and headed for teaching careers in Illinois classrooms.

The appropriation of $250,000 will provide funding for the Scholars Program for Fiscal Year 1993.

Illinois Alliance of Essential Schools

Nine Chicago high schools and a suburban middle school became the newest members of the Illinois Alliance of Essential Schools during the 1990-91 school year. Twenty Illinois "essential" middle and high schools are now aggressively moving toward "recreating" themselves and shifting their emphasis to helping children use their minds well.

The Illinois Alliance is part of a nationwide project developed by the Education Commission of the States and the Coalition of Essential Schools, which now includes 10 member states and several networking states. The initiative focuses on restructuring education across the board from the school house to the State House.

The 10 original Illinois Alliance members are in their third year of transformation. The 10 new members spent the 1990-91 school year designing their restructuring plans and began implementation during 1991-92.

Chicago School Finance Authority

The Chicago School Finance Authority (CSFA), under the provisions of Article 34A of the School Code, exercises financial control over Chicago Public School District 299. Each year, the CSFA adopts a budget for its operations. Funding for the CSFA comes from the district's General State Aid allocation. For Fiscal Year 1993, $916,560 will be paid to the CSFA.

Summary of State Funding
Fiscal Year 1993

Appropriated to State Board of Education		
General State Aid		$2,120,834,600
Interest on Deferred General State Aid Payments		939,500
Supplementary State Aid for New and Certain Annexing Districts		8,400,000
Educational Service Regions		6,910,000
Salaries of Regional Superintendents and Assistant Regional Superintendents	$ 6,430,000	
Audits	378,000	
Supervisory Expense Funds	102,000	
Tuition of Children from Orphanages, Children's Homes, or in State-Owned Housing		1,489,600
Tax-Equivalent Grant		450,800
Teachers' Retirement		286,030,300
Downstate	$ 225,850,000	
Chicago	59,980,300	
One-time Employer's Contribution (Section 16-133.2 of the Illinois Pension Code)	200,000	
Pupil Transportation		230,052,100
Regular and Vocational	$ 117,300,000	
Special Education	102,752,100	
Parent or Guardian Grant Program	9,847,000	
Operational Expenses for Pupil Transportation Grant Program	153,000	
Driver Education		15,647,200
Program Reimbursement	$ 15,000,000	
Administration	647,200	
Adult Education and Literacy		17,852,500
Section 3-1, Adult Education Act	$ 6,967,600	
Public Assistance	9,734,900	
Basic	1,150,000	
Special Education		325,780,900
Personnel	$ 188,600,000	
Private Tuition	22,950,000	
Extraordinary	62,330,400	
Orphanages	44,170,800	
Summer School	3,027,000	
Philip J. Rock Center and School/Materials for Visually Impaired	3,025,700	
Regional Low-Incidence Handicapped	1,500,000	
Residential Services Authority	177,000	
Gifted Education		10,059,600
Gifted Fellowships		52,800
Mathematics and Science Traineeships		25,000
Vocational Education		51,059,500
Basic Programs	$ 46,476,800	
Vocational Education Retraining (Vocational Instructor Practicum)	1,499,200	
Vocational Education Technical Preparation Programs	3,000,000	
Illinois Council on Vocational Education	83,500	
School Food Services		12,790,300
Illinois State Board of Education		20,280,800
General Revenue Fund	$ 19,618,000	
Accountability Implementation	232,800	
Accounts Receivable Fund*	178,000	
Preschool Administration	252,000	
Bilingual Education		47,874,200
Chicago	$ 27,611,700	
Downstate	20,262,500	

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Task Force on Hispanic Student Dropouts		$ 574,600
Summer School Programs	$ 99,900	
Evening School Programs	99,900	
After-School Activities	99,900	
Career Counseling Programs	25,000	
Tutorial Programs	49,900	
Public and Nonpublic Textbooks		5,300,000
Governmental Student Internship Program		129,900
Early Childhood Education Programs for 3-5-Year-Olds		75,571,200
Reading Grants, Grades K-6		40,155,300
Mathematics and Science Equipment (Reappropriated Funds)		1,450,000
K-6 Planning District-wide Comprehensive Arts Program		499,700
Development of Basic Skills Tests		150,000
Dropout and Alternative Education Programs		17,460,000
Learning Objectives, Testing and Assessment Systems		1,791,200
Operational Expenses and Technical Assistance for Illinois Goals Assessment Programs		4,476,600
School Improvement Support		2,160,000
Educational Service Centers		8,280,900
Illinois Administrators' Academy		806,800
Agricultural Education Program		1,040,000
Consumer Education Proficiency Test Development		150,000
Regional and Local Staff Development Activities		3,120,000
Scholarships		837,600
Equal Opportunity Scholarships for Women and Minorities in Education Administration	$ 276,200	
Scholarships in Areas of Teacher Shortages	553,400	
Mathematics and Science Scholarships	8,000	
Printing and Distributing Report Cards		1,000,000
Criminal Background Investigations		164,000
Early Childhood Parental Training		3,000,000
Prevention Initiative At-Risk Program		2,000,000
Substance Abuse Prevention		4,486,200
Center on Scientific Literacy		9,700,000
Implement Second Language Elementary Programs		500,000
Illinois Occupational Information Coordinating Council		25,000
Minority Transition Program		200,000
Reform Program Evaluations		150,000
Task Force on School Finance		25,000
Illinois Teacher of the Year Award		85,000
Regular Education Initiative Programs		1,200,000
Urban Education Partnership Grants		350,000
Illinois Scholars Program		250,000
Illinois Alliance of Essential Schools, Projects and Programs		419,000
Early Intervention Program		500,000
Subtotal		***$3,344,337,700***
Appropriated to Other State Agencies		
Teachers' Retirement Systems		$ 44,631,430
Supplementary (Downstate)**	$ 44,481,430	
Supplementary (Chicago)**	150,000	
Capital Development Board Appropriation		2,500,000
Plainfield School District 202	$ 2,500,000	
Capital Development Board Reappropriation		21,685,385
Chicago	$ 2,086,162	
Downstate	12,211,876	
Mathematics and Science Academy	7,387,347	

State Treasurer		
School Construction Bonds-Debt Service		$ 20,596,304
Principal	$ 13,153,515	
Interest	7,442,789	
Illinois Department of Corrections School District		21,365,600
Illinois Mathematics and Science Academy		11,849,200
Operating Expenses	$ 11,484,500	
Retirement Contributions	364,700	
Secretary of State		5,293,358
Literacy (PA 87-865)	$ 5,000,000	
Grants to School Libraries (PA 87-865)	.293,358	
Direction Service Center	***	
Illinois Educational Labor Relations Board		1,100,800
Energy and Natural Resources		
Reappropriation for Statewide School Weatherization Program		1,962,600
Citizens Assembly		76,000
Citizens' Council on School Problems	$ 75,000	
Citizens' Council on Children for U-RATE Program	1,000	
Subtotal		***$131,060,677***
TOTAL		**$3,475,398,377**

* For collection of delinquent scholarships

** Appropriated directly to the Teachers' Retirement Systems

*** No appropriation for the Direction Service Center was made during the Spring Session of the General Assembly. The Center is continuing to function because of contractual agreements with other State agencies, including ISBE. Funds may be appropriated during the Fall Session.

Funds in this chart appropriated to the State Board of Education from the Common School Fund, the Driver Education Fund, the Education Assistance Fund and the General Revenue Fund are in Public Act 87-864 (House Bill 2703). One line item in Public Act 87-864 is appropriated from the Accounts Receivable Fund. Appropriations to the Secretary of State are in Public Act 87-865 (Senate Bill 954). Appropriations to other State agencies are in Public Act 87-864.

CHAPTER II

Federal Education Programs

This chapter provides a brief overview of the educational programs in Illinois' common schools supported by federal funding. The following paragraphs reflect the Fiscal Year 1993 federal grant awards to the state of Illinois. A financial summary detailing approximate amounts available for Illinois schools and for state administration of programs during Fiscal Year 1993 is provided at the end of this chapter. This chart reflects the state appropriation level for both current Fiscal Year 1993 and carryover Fiscal Year 1992 grant funds. The federal fiscal year is October 1 through September 30. Unless otherwise noted, references in this chapter to a fiscal year mean the federal fiscal year.

Compensatory Education

Elementary and Secondary Education Act, Public Law 100-297, Chapter 1, Educationally Deprived Children Grants to Local Education Agencies. During Fiscal Year 1993, grants will be made to operate some 850 Chapter 1 projects which are designed to reduce or eliminate the educational deficiencies of eligible educationally deprived public and nonpublic students in the state. Most programs support services in the areas of reading, language arts, and/or mathematics. The Fiscal Year 1993 federal grant for this program is $290,864,305. For further information, contact the Intervention and Improvement Services Section, Illinois State Board of Education, Springfield (telephone: 217/782-6035).

Elementary and Secondary Education Act, Public Law 100-297, Chapter 1, Neglected and Delinquent Children. Funds are provided to the Illinois State Board of Education for planning, development, and funding of supplementary educational programs for qualifying children in institutions for neglected or delinquent children and in state institutions for neglected or delinquent children including both adult and juvenile correctional institutions. The Fiscal Year 1993 federal grant of $1,189,341 is allocated for implementation of approximately 37 projects. For further information, contact the Intervention and Improvement Services Section, Illinois State Board of Education, Springfield (telephone: 217/782-6035).

Elementary and Secondary Education Act, Public Law 100-297, Chapter 1 of Title I, State-Operated or State-Supported Programs for Handicapped Children. Chapter 1, Public Law 100-297 provides financial assistance to supplement, expand, and improve special education and related services to children with disabilities in state-operated schools and state-supported programs operated by local education agencies. The Fiscal Year 1993 federal grant totals approximately $23 million. Approved projects must meet size, scope, and quality requirements and must be designed to provide concentrated educational services for a discrete population of eligible children. Noncompetitive grants, determined by the count of eligible children, are awarded based upon approved applications. For further information, contact the Department of Special Education, Illinois State Board of Education, Springfield (telephone: 217/782-6601).

Elementary and Secondary Education Act, Public Law 100-297, Chapter 1 of Title I, Even Start Family Literacy Program. The purpose of the Even Start Family Literacy Program is to integrate early childhood education and adult education for parents into a project that builds on existing community resources.

The program is in its fourth year and has been administered directly by the federal government. As of July 1, 1992, the program is now administered by the Illinois State Board of Education. There are ten projects currently funded in Illinois. The total grant to the state for this year is $3.02 million.

Elementary and Secondary Education Act, Public Law 100-297, Chapter 1, Migrant Children. Grants are made to the state educational agency to fund 27 school districts and two community agencies which develop supplemental educational programs to meet the unique needs of children of itinerant agricultural workers and agricultural workers who have settled out of the migrant stream. Technical assistance and inservice activities are provided by staff of the State Board of Education. The Fiscal Year 1993 federal grant totals $1,720,358. For further information, contact the Intervention and Improvement Services Section, Illinois State Board of Education, Springfield (telephone: 217/782-6035).

Elementary and Secondary Education Act, Public Law 100-297, Chapter 2. Under the Chapter 2 program, federal legislation consolidated numerous previously authorized educational improvement programs and subprograms into one federal program.

During Fiscal Year 1993, $15.8 million has been allocated to local school districts for the benefit of public and nonpublic students. Seventy percent of these funds are distributed according to the 1992 public and nonpublic Fall Housing Enrollment. Thirty percent of these funds are distributed according to the number of economically disadvantaged students, defined as ESEA, Chapter 1 eligibles and determined by the 1980 United States Census. When 1990 census figures are available (early in 1993) they will be used (for the 1993-94 school year).

The State Board of Education also awards approximately $1.1 million for grants to school districts and other educational institutions for developing solutions to local educational concerns. In addition, $2.9 million is used to support direct services to local educational agencies.

For further information, contact the Grants and Applications Section, Illinois State Board of Education, Springfield (telephone: 217/782-3810).

Elementary and Secondary Education Act, Public Law 100-297, Title II. The purpose of Title II of the Elementary and Secondary Education Act is to improve teaching skills and enhance instruction in mathematics and science.

During Fiscal Year 1993 approximately $7.3 million is available to local education agencies for the benefit of public and nonpublic teachers and their students. In addition, approximately $409,000 supports demonstration and exemplary programs, and approximately $409,000 facilitates technical assistance, assessment and evaluation, and program administration services.

Allocations to local education agencies are made as follows:

- Fifty percent of the funds are distributed in proportion to public and nonpublic school enrollment.
- Fifty percent of the funds are distributed according to the number of economically disadvantaged students defined as ESEA, Chapter 1 eligibles and determined by the 1980 United States Census.

For further information, contact the Grants and Applications Section, Illinois State Board of Education, Springfield (telephone: 217/782-3810).

Elementary and Secondary Education Act, Public Law 100-297, Title VII, Bilingual Education. Federal bilingual program funds are available to local education agencies for the operation of preschool, elementary, and secondary programs designed to meet the educational needs of children with limited-English proficiency. All Title VII grants are competitive and must be submitted to the Office of Bilingual Education and Minority Languages Affairs, United States Department of Education, as requested by the funding agency and published in the Federal Register. For further information, contact the Bilingual Education Section, Illinois State Board of Education, State of Illinois Center, Chicago, (telephone: 312/814-3850).

Elementary and Secondary Education Act, Public Law 100-297, Capital Expenses/Private Schools. During Fiscal Year 1993, grants will be made to local education agencies to reimburse capital expenses incurred as a result of implementation of alternative delivery systems to nonpublic school students in complying with the requirements of Aguilar v. Felton. The Fiscal Year 1993 Federal grant for this program is $1,477,943. For further information, contact the Intervention and Improvement Services Section, Illinois State Board of Education, Springfield (telephone 217/782-6035).

Elementary and Secondary Education Act, Public Law 100-297, State Program Improvement Grants. During Fiscal Year 1993, grants will be made to local education agencies that identify schools where achievement of Chapter 1 children has shown inadequate improvement. The Fiscal Year 1993 Federal grant for this program is $1,118,412. For further information, contact the Intervention and Improvement Services Section, Illinois State Board of Education, Springfield (telephone 217/782-6035).

Special Education

Individuals with Disabilities Education Act (IDEA), Part B. IDEA was enacted to include provisions for grant funding to: (1) assure that all children with disabilities have a free, appropriate public education available to them; (2) assure that the rights of children with disabilities and their parents are protected; (3) assist states and localities in providing for the education of children with disabilities; and (4) assess and assure the effectiveness of efforts to educate such children.

The maximum amount of the grant a state is entitled to under this Act in any fiscal year is equal to the number of children with disabilities in the state, ages 3 through 21, who are receiving special education and related services and who are not counted under the provisions of Chapter 1–Verified Children with Disabilities multiplied by a per child amount determined by the annual appropriation of funds by Congress.

Seventy-eight and one-half percent (78.5%) of the annual appropriation will flow to local school districts based upon their census of children with disabilities. The remaining 21.5 percent is designated as State discretionary funds. These discretionary funds have been disbursed primarily for state leadership programs, low-incidence services, room and board fees for children placed by districts into private facilities, and state administration. The Fiscal Year 1993 federal grant totals approximately $80 million.

Special Education Preschool Grants, IDEA. IDEA provides for the implementation of preschool grants to assist in the education of children with disabilities who are age three through five. Services are provided by local school districts, special education cooperatives, regional programs and state-operated schools. The Fiscal Year 1993 federal preschool grant totals approximately $18 million. Seventy-five percent of this amount goes to local districts, with the remainder supporting special discretionary projects and state administrative costs.

Individuals with Disabilities Education Act, Part C, Deaf/Blind Centers. During Fiscal Year 1993, the Deaf/Blind Federal Assistance Program will be primarily operated through a subgrant to the Philip J. Rock Center and School. The focus of the grant is on deaf/blind children, ages birth to three, with some services to students who have graduated but are not yet 22 years old. The total grant awarded is $222,000 for Fiscal Year 1993.

Infants and Toddlers with Disabilities Program, Public Law 102-119, Part H. Illinois is seeking fifth-year funding of the grant program to assist states in establishing a coordinated, comprehensive interagency, interdisciplinary, statewide system of early intervention services for infants and toddlers with disabilities. Public Act 87-680 (September, 1991) promotes this concept in Illinois and is being implemented throughout the state.

Funds will be used to continue planning and expansion efforts in 1992-1993 by the Illinois Interagency Council on Early Intervention, provide funding to 40 local interagency councils, support more improved and expanded programs, provide training through the Illinois Technical Assistance Project (ITAP) as well as other contractual entities, plus fund the Illinois Early Childhood Intervention Clearinghouse and the Central Directory. Three sites have been implementing the system of services chosen by Illinois, and

now through the work of the local interagency councils and local early intervention programs, the system of services will expand statewide. The Fiscal Year 1993 federal grant to Illinois is anticipated to be $7.6 million and the 1994 grant is estimated to be nearly $9.3 million.

Special Education Program Information. For additional information concerning either federal- or state-funded programs for special education services, contact the Department of Special Education, Illinois State Board of Education, Springfield (telephone: 217/782-6601).

Equal Educational Opportunity

Title IV of the Civil Rights Act of 1964. This program, which is administered by the Educational Equity Services Section, is made possible by a grant from the United States Department of Education. It offers informational resources, consultant services and staff training to local school districts in meeting needs related to improvement of intergroup relations within the school community; prevention of separation and discrimination on the basis of race, gender and nationality at the program and classroom levels; and the development and implementation of plans to correct school segregation.

Although the program is authorized and prepared to meet a broad range of equity concerns, during Fiscal Year 1993, the program will focus primarily on four important needs: the fair and effective administration of school discipline; the establishment of school climates which are free of prejudice and which improve intergroup relations; the integration of more multicultural, gender-fair content into the regular curriculum; and the elimination of administrative and programmatic barriers to school attendance and school completion by pregnant and teenage parents.

For further information, contact the Educational Equity Services Section, Illinois State Board of Education, State of Illinois Center, Chicago (telephone: 312/814-3226).

Emergency Immigrant Education Program, Emergency Immigrant Education Act of 1984, Public Law 98-511. This Act provides for grants to state education agencies and through them to local education agencies which are providing public education services to eligible immigrant children who have been attending school in the United States for less than three complete academic years. Eligible immigrant children will include only the children of lawful, permanent, resident aliens; refugees; persons granted asylum; parolees; persons of other immigrant status; and immigrant residents in the United States without proper documentation. Eligible immigrant children must be counted during a federally prescribed enrollment period. Eligible school districts are those in which the number of immigrant children who are enrolled is equal to at least 500, or three percent of the total number of students enrolled. The Fiscal Year 1993 federal grant totals approximately $1.5 million. For further information, contact the Bilingual Education Section, Illinois State Board of Education, State of Illinois Center, Chicago (telephone: 312/814-3850).

School Lunch Act and Child Nutrition Programs

School Lunch Program. This is a voluntary program open to all public schools, private schools, and residential child-care institutions which agree to operate a nonprofit lunch program, offer school lunch meals meeting federal requirements to all children in attendance, and protect the anonymity of students eligible for free or reduced-price meals. The federal lunch requirement is designed to provide one-third of the students' daily nutritional requirements. To enable schools to provide low-cost lunches to students, a flat rate of reimbursement is paid on all lunches meeting these requirements, with additional reimbursement paid for lunches served to students eligible for free or reduced-price meals. The Fiscal Year 1993 federal grant totals approximately $174 million.

The federal income guidelines for free and reduced-price meals during Fiscal Year 1993 are as follows:

Meal Program Participation Income Guideline Levels

Household Size	Level for Free Meals			Level for Reduced-Price Meals		
	Yearly	Monthly	Weekly	Yearly	Monthly	Weekly
One	$ 8,853	$ 738	$171	$12,599	$1,050	$243
Two	11,947	996	230	17,002	1,417	327
Three	15,041	1,254	290	21,405	1,784	412
Four	18,135	1,512	349	25,808	2,151	497
Five	21,229	1,770	409	30,211	2,518	581
Six	24,323	2,027	468	34,614	2,885	666
Seven	27,417	2,285	528	39,017	3,252	751
Eight	30,511	2,543	587	43,420	3,619	835
Each additional family member add	$ 3,094	$ 258	$ 60	$ 4,403	$ 367	$ 85

Local program sponsors determine eligibility for free or reduced-price meals utilizing the federal income guidelines.

Federal reimbursement rates for lunches, for the period July 1, 1992, through June 30, 1993, are as follows:

Reimbursement Rates for National School Lunch Program

Free Lunch	$1.6950 (.1625 + 1.5325)
Reduced-Price lunch	$1.2950 (.1625 + 1.1325)
Paid Lunch	$.1625

Reimbursement rates are increased by two cents for all sponsors having 60 percent or more free and reduced-price lunches in the second preceding school year. Federal guidelines provide that the maximum charge to the child for a reduced-price lunch is 40 cents. In addition, Illinois provides a maximum state reimbursement of 12.5 cents for each free lunch served to an eligible child.

School Breakfast Program. This is a voluntary program open to all public schools, nonprofit private schools, and residential child-care institutions which agree to operate a nonprofit breakfast program. Program sponsors must offer breakfast meals meeting federal requirements to all children in attendance and agree to protect the anonymity of students eligible for free or reduced-price meals. To enable schools to provide low-cost breakfasts to students, reimbursement rates are 18.75 cents for paid breakfasts, 64.5 cents for reduced-price breakfasts, and 94.5 cents for free breakfasts. In addition, Illinois provides a maximum state reimbursement of 12.5 cents for each free breakfast served to an eligible child. The maximum charge to a child for a reduced-price breakfast is 30 cents.

Approximately $24.0 million of federal funds has been allocated to this program for Fiscal Year 1993.

Special Milk Program. This is a voluntary program open to all public schools, private schools, residential child-care institutions, day-care centers, and camps which agree to operate a nonprofit milk program. Participation is limited to organizations which do not operate a federal feeding program or which have half-day kindergarten classes that do not have access to a federal feeding program. The intent of the program is to encourage and establish the habit of drinking fresh, fluid milk as a nutritious beverage. Reimbursement is provided to participating sponsors for all milk served; the one-half pint reimbursement rate is 11.00 cents. In addition, milk served free to eligible needy children is reimbursed at the average dairy charge.

Approximately $3.5 million has been allocated to this program for Fiscal Year 1993.

Summer Food Service Program. This is a voluntary program open to public or nonprofit private schools; residential camps; state, local, municipal, or county government entities; and private non-profit organizations. The intent of the program is to serve nutritious meals during the summer months to children who during the regular school year received free or reduced-price meals under the National School Lunch and Breakfast programs. If it can be documented that one-half of the pupils in the area served by the sponsor are eligible for free or reduced-price meals during the regular school year, then all children in the area may receive free meals. Reimbursement is available based on the number of meals served to eligible participants. Additional reimbursement is available to assist sponsors to cover administrative costs incurred in operating a summer feeding program. Approximately $8.4 million has been allocated to this program for Fiscal Year 1993.

Child-Care Food Program. This program is designed to encourage the serving of nutritious meals to children attending child-care centers and family day-care homes. It is a voluntary program open to family day-care homes, child-care centers, Head Start centers and outside-school-hour centers which are licensed, not-for-profit, and nonresidential. All sponsors must be federally tax-exempt or have a minimum of 25% of enrolled children funded through Title XX of the Social Security Act. Meals eligible for reimbursement include breakfast, morning and afternoon supplements, lunch and supper.

Family day-care homes are reimbursed at the rate of $.80 for each breakfast, $.4325 for each supplement and $1.4525 for each lunch or supper served. Additional reimbursement is provided to sponsors of family day-care homes to cover administrative costs.

Child-care centers are reimbursed in the same manner as in the National School Lunch and Breakfast Programs. Reimbursement rates are as follows: .

	Free	Reduced-Price	Paid
Breakfast	$.9450	$.6450	$.1875
Lunch/Supper	1.6950	1.2950	.2325
Supplement	.4650	.2325	.0425

Approximately $47.8 million has been allocated to this program for Fiscal Year 1993.

Food Distribution Program. The Food Distribution Program is designed to help program sponsors reduce the cost of providing meals and to help achieve maximum utilization of agriculture surplus. This is a voluntary program open to all public and nonprofit private schools, institutions, summer camps, and summer food service programs. The U.S. government-donated commodities are made available to participating sponsors based upon the average number of meals served daily to eligible participants.

Approximately $30 million worth of food will be distributed in Fiscal Year 1993.

Nutrition Education and Training Program, Public Law 95-166. The Nutrition Education and Training Program developed in Illinois includes four basic goals: 1) facilitating a nutrition education process which permits Illinois children to make informed food choices during their formative years; 2) enhancing the ability of teachers to integrate sound nutrition information into the curriculum at each grade level; 3) delineating and strengthening the role of the school food service personnel in the food service and nutrition education process; and 4) identifying, compiling, evaluating, developing, and providing nutrition education curriculum materials to educational institutions.

Using federal funds, the Illinois State Board of Education has funded three regional projects for the 1992-93 school year. These centers offer a network to provide resources and services. Additionally, mini-grants are available to local education agencies for the development of programs and materials. The federal grant award being used to fund these projects for Fiscal Year 1993 is approximately $435,000.

Persons interested in receiving additional information about any of the child nutrition programs available in Illinois should contact the Department of Child Nutrition, Illinois State Board of Education, Springfield (telephone: 800/545-7892 or 217/782-2491; the FAX number for the Department is 217/524-6124).

Adult, Vocational and Technical Education

Vocational education programs in Illinois are supported through both federal and state funds. Federal funds are provided through the Carl D. Perkins Vocational and Applied Technology Education Act of 1990 which remains in effect through Fiscal Year 1996. This Act emphasizes the need to make the United States more competitive in the world economy by developing more fully the academic and occupational skills of all segments of the population. This purpose will principally be achieved through concentrating resources on improving educational programs and providing support services to special population students leading to academic and occupational skill competencies needed to work in a technically advanced society. During Fiscal Year 1993, the basic state grant is $35,531,622.

Specifically, the grant to Illinois is allotted as follows:

- 5 percent for State Administration;
- 8.5 percent for State Leadership;
- 75 percent for local funds distribution;
- 10.5 percent for individuals who are single parents or displaced homemakers and for individuals who are in programs designed to eliminate sex bias and sex-role stereotyping; and
- 1 percent for corrections (Department of Corrections).

In addition to the basic grant, $1,396,269 of federal funds are allocated for Consumer and Homemaking education programs which assist low-income families in economically depressed areas of the State and for programs provided through secondary institutions to assist in combining the dual role of wage earner and homemaker.

During Fiscal Year 1993, $478,385 of federal funds are allocated to provide grants to community-based organizations for vocational education programs.

Illinois Council on Vocational Education (ICoVE). The Carl D. Perkins Vocational and Applied Technology Education Act of 1990 (PL 101-392) requires all states receiving federal funds from the Perkins Act to establish a State Council on Vocational Education to carry out a specified role and several responsibilities. Members of the Illinois Council on Vocational Education (ICoVE) are appointed by the Governor of Illinois, as designated by the federal act. Membership includes seven individuals representing the private sector and six members representing the education community.

For Fiscal Year 1993, the Illinois Council on Vocational Education was awarded $225,000 under the Perkins Act from the U.S. Department of Education to fulfill its responsibilities.

Job Training Partnership Act (JTPA), Public Law 97-300, Title I, Section 123. The Illinois State Board of Education annually enters into an interagency agreement with the Illinois Department of Commerce and Community Affairs to administer the Governor's Eight Percent JTPA fund for education and service coordination. This section of the Job Training Partnership Act provides financial assistance to any state education agency responsible for education and training:

1. to provide services for eligible participants through cooperative agreements between state and education agencies, administrative entities of service delivery areas, and, where appropriate, local education agencies;
2. to facilitate coordination of education and training services for eligible participants through such cooperative agreements; and
3. to provide the following activities:
   a) literacy training to youth and adults;
   b) dropout prevention and re-enrollment services to youth, giving priority to youth who are at risk of becoming dropouts;
   c) a statewide school-to-work transition program; or
   d) statewide coordination approaches including model programs to train, place, and retain women in nontraditional employment.

Funds available under this section may also be used to provide education and training, including vocational education services, to participants under Title II (Training Services for the Disadvantaged) of JTPA.

Cooperative agreements providing services require that an equal amount of matching funds are provided from state and local sources. At least 75% of the funds available must be expended for activities for economically disadvantaged individuals. The Fiscal Year 1993 grant to the Illinois State Board of Education is $5,508,585.

Vocational Education (Title IIIE) Technical Preparation. In Fiscal Year 1993, $3,665,308 in federal funding was available to develop and operate Technical Preparation programs. Programs must: 1) be carried out in an articulation agreement; 2) consist of the 2 years of secondary school preceding graduation and 2 years of community college or an apprenticeship program of at least 2 years with a common core in mathematics, science, communications, and technologies; 3) include the development of Technical Preparation curricula; 4) include inservice training for teachers and counselors; 5) provide equal access for special populations; and 6) provide for preparatory services.

Persons interested in receiving additional information should contact the Illinois State Board of Education, Department of Adult, Vocational and Technical Education, Job Training Section, Springfield (telephone: 217/782-4862).

Federal Adult Education Act–Public Law 100-297. This program provides funding for instruction for adults, 16 years of age and older, who are not otherwise enrolled in school and have not successfully completed the secondary level. These funds support literacy programs, basic education instruction, English as a second

language, courses to complete a high school diploma or prepare for the General Education Development (GED) test and competency-based education programs. Priority is given to the support of persons defined as educationally disadvantaged, i.e., 0-5.9 reading level.

Local education agencies, community colleges, and private nonprofit agencies may apply directly for these funds, provided they participate in an adult education area planning council. Local education agencies may also enter into cooperative arrangements with public and private agencies to provide these services. Participation is by application to ISBE, submitted at least six weeks prior to the beginning of the fiscal year. The Fiscal Year 1993 federal grant totals approximately $11.1 million. Additionally, the state appropriated $1,150,000 under the state match and maintenance of effort requirements.

Adult Immigrant Education. Approximately $3 million in federal funding is available for adult education services to eligible legalized aliens under the Immigration Reform and Control Act of 1986 (P.L. 99-603). Priority services include English as a Second Language and citizenship. Other services include literacy, adult basic education, GED, transportation, child care and staff development.

Grants are awarded in response to a request for proposal and are available to educational agencies and other not-for-profit agencies.

Stewart B. McKinney Act - Adult Education for the Homeless. Approximately $200,000 in federal funding is available to provide adult basic education and support services for functionally illiterate, marginally homeless persons 16 years of age or older not enrolled in school. The annual program is discretionary at the national level and is funded on a competitive basis to state educational agencies.

Adult, Vocational and Employment Program Information. Information concerning both state and federal programs of adult, continuing, vocational and employment training and education can be obtained from the Department of Adult, Vocational and Technical Education, Illinois State Board of Education, Springfield (telephone: 217/782-4870).

Special Federal Programs

School Assistance in Federally Affected Areas, Public Law 81-815. Public Law 81-815 provides assistance to school districts for the construction of school facilities urgently needed because of substantially increased enrollments resulting from federal activity or loss through a major disaster. For further information, contact the School Organization and Facilities Section, Illinois State Board of Education, Springfield (telephone: 217/782-2962).

School Assistance in Federally Affected Areas, Public Law 81-874. Public Law 81-874 was initiated during the early 1950s to compensate school districts for the loss of property tax revenues related to federal property occupancy. Public Law 81-874 will provide about 80 Illinois school districts with approximately $10 million in Fiscal Year 1993. Funds are provided directly to eligible districts by the federal government.

The federal assistance is commonly referred to as Federal Impact Aid. For additional information, please contact the Reimbursements Section, Illinois State Board of Education, Springfield (telephone: 217/782-5256).

Drug-Free Schools and Communities Act. Under the federal Drug-Free Schools and Communities Act of 1986, federal financial assistance is available to establish drug abuse education and prevention programs in schools and other settings.

Local school districts or a local or intermediate education agency or consortia (including Educational Service Regions and Educational Service Centers) may receive funds based upon programs and applications approved by the Illinois State Board of Education.

During Fiscal Year 1993, approximately $17.2 million is allocated to local education agencies; $7.9 million is distributed in proportion to public and nonpublic school enrollments and $9.3 million is distributed in proportion to ESEA, Chapter 1 grants relative to all ESEA, Chapter 1 grants in the state. Approximately $983,000 supports training and technical assistance programs, demonstration projects, development and dissemination of curriculum materials and administrative costs.

For further information, contact the Grants and Applications Section, Illinois State Board of Education, Springfield (telephone: 217/782-3810).

Project LEAD (Leadership in Educational Administrator Development). This project is funded by the United States Department of Education for the development of leadership skills of Illinois school administrators. The professional development opportunities are made available through the Illinois Administrator's Academy which serves nearly 10,000 school administrators. Participating administrators commit to 18-24 months immersion in the project including self-assessment and development, analysis of leadership climate involving school staff and the use of mentors and leadership analysts.

The Illinois State Board of Education receives approximately $69,234 to support this program during Fiscal Year 1993.

Additional information may be secured from the School Improvement Planning and Assistance Section, Illinois State Board of Education, Springfield (telephone: 217/782-2826).

School Health Personnel Training. This project is funded by the Centers for Disease Control for the development of a technical assistance delivery system in Illinois for comprehensive health and AIDS/HIV education. Through the training of school staff and delivery of technical assistance, students will become more knowledgeable of comprehensive health issues. Specifically in Fiscal Year 93 the project provides for training of staff in 18 Educational Service Centers by the American Red Cross, coordination of HIV/AIDS/STD technical assistance for districts through

Educational Service Center #7, provision of HIV/AIDS/STD Training of Trainers in all 18 Educational Service Centers. ISBE will receive approximately $300,000 during Fiscal Year 1993.

For additional information, contact the School Improvement Planning and Assistance Section, Illinois State Board of Education, Springfield, (telephone : 217/782-2826).

Foreign Languages Assistance Program. During Fiscal Year 1993, the Illinois State Board of Education will receive approximately $439,239 to provide funding for six school districts which have applied for support for foreign language instruction in any of Korean, Chinese, Russian, Japanese and Arabic languages. The intent of the federal Act was to support this program for three years.

The Foreign Language Assistance Act, enacted as part of the August Hawkins-Robert Stafford Elementary and Secondary Education Improvement Act of 1988 (PL 100-297) provides formula grants to state education agencies for the creation of model elementary and secondary foreign language programs in local school districts. It is currently in its fourth year of authorization, and second year of funding. This is the first year in which Illinois districts will receive funding. Illinois districts will receive monies on a competitive basis, with the Illinois State Board of Education serving as agent.

For additional information, contact the School Improvement Planning and Assistance Section, Illinois State Board of Education, Springfield, (telephone : 217/782-2826).

Robert C. Byrd Honors Scholarships, Public Law 89-329

The United States Department of Education is making available, through the Illinois State Board of Education, the Robert C. Byrd Honors Scholarship Program. This program provides selected academically exceptional Illinois high school students with scholarships of $1,500 for study at an institution of higher education.

Specifications of this program require that scholarships be awarded throughout the state on a geographically equitable basis. The program provides at least 220 scholarships with at least 10 scholarships awarded from each of the 22 congressional districts and any additional scholarships awarded at large.

The Fiscal Year 1992 federal grant being used to fund 1992-93 scholarships is $400,000 (260 scholarships). For further information, contact the Textbooks and Scholarships Section, Illinois State Board of Education, Springfield (telephone: 217/782-9374).

Carnegie Foundation Grant

Illinois is one of 15 states receiving a grant from the Carnegie Corporation of New York, matched by an equal amount in state dollars, to develop and implement a plan for restructuring middle-grades education. The private philanthropic foundation is providing the state with more than $240,000 over a three-year period. Recommendations identified as key to effective middle-grades education include:

- Creating small communities for learning,
- Teaching a core academic program,
- Ensuring success for all students,
- Empowering teachers and administrators to make decisions about the experiences of middle grade students,
- Staffing middle grade schools with teachers who are experts at teaching young adolescents,
- Improving academic performance through fostering the health and fitness of young adolescents,
- Reengaging families in the education of young adolescents, and
- Connecting schools with communities.

Individuals interested in learning more about the State's middle school initiative should contact the Middle-Level Grades Initiative Program, Program Initiatives Section, Illinois State Board of Education, Springfield (telephone 217/524-4832).

Common Core Data Survey

These funds are used to offset travel, administration, and other costs associated with the State Board of Education participation in the National Cooperative Statistics System which was established in 1987.

This funding provides for:

- Attendance by the Illinois Liaison at two meetings a year of the National Forum on Education Statistics, a group composed of State and federal representation;
- Attendance by management information and research staff members at two annual conferences; and
- Development of data systems which will allow more comparable education data.

Federal Library Services Fund

Funds were appropriated to the Office of Secretary of State for library services under the Federal Library Services and Construction Act. Of the $950,000 appropriated under Title III of this Act, personnel at the State Library estimate that $140,000 has been awarded to school districts for the purchase of equipment and software to develop a database of library materials. Districts receiving these funds from the Office of the Secretary of State should record them under Revenue Account 4490.

At times, there are grants available through the Illinois State Library for non-public libraries including school districts. Questions should be directed to Amy Kellerstrass, LSCA Coordinator at 217/782-9549.

Summary of Federal Funding for Programs and Administration

	Fiscal Year 1993 Program Funds	Fiscal Year 1993 Administration Funds
Elementary and Secondary Education Act, Public Law 100-297, Chapter 1, and Neglected and Delinquent	$321,000,000	$ 2,523,100
Migratory Children	2,260,000	231,400
Elementary and Secondary Education Act, Public Law 100-297, Chapter 2	17,500,000	3,397,000
Title II, Mathematics/Science	8,000,000	299,600
Title VII, Bilingual		134,400
Individuals with Disabilities Education Act (IDEA)	82,000,000	4,569,900
Preschool	19,000,000	929,500
Deaf-Blind	355,000	30,500
Handicapped Infants and Toddlers	11,000,000	414,300
Equal Educational Opportunities - Title IV		668,500
Emergency Immigrant Assistance	1,900,000	34,500
School Food Service	264,000,000	3,702,700
Nutrition Education	500,000	
Vocational and Applied Technology Education (Title II)	47,600,000	2,932,900
Vocational Education (Title III)		287,200
Job Training Partnership Act (JTPA)	5,101,161	807,424
Adult Education	12,600,000	905,200
Drug-Free School and Communities Act of 1986	18,500,000	537,700
Robert C. Byrd Scholarships	400,000	20,800
Illinois Council on Vocational Education		307,100
Project LEAD		110,200
Training School Health Personnel		311,800
McKinney Homeless Assistance–Children	1,250,000	372,200
Immigration Reform and Control Act (Immigrant Education)	5,500,000	26,300
Common Core Data Survey		126,500
McKinney Adult Education–Literacy for Homeless Personnel/Development/Training	450,000	219,500
Special Education Medicaid Matching Fund	7,500,000	
English Literacy	175,000	
Transition Training Grant (Illinois Transition Academy)		520,000
Foreign Language Assistance	656,000	
Urban Education		452,000
Carnegie Foundation		125,900
USOE Special Projects		516,200
SUBTOTAL	**$827,247,161**	**$25,514,324**
Federal Impact Aid (Public Laws 815 and 874)	10,000,000[a]	
Federal Library Services Fund, Title III	140,000[b]	
TOTAL	**$837,387,161**	**$25,514,324**

[a] Estimate. These funds flow directly to school districts from the federal government.

[b] Estimate. These funds flow directly to school districts from the Secretary of State.

NOTE: Appropriations contained in this chart are appropriated per Public Act 87-864. The appropriations from the Federal Library Services Fund, Title III was in Public Act 87-865. There was no state appropriation for Federal Impact Aid;. this line item is an estimate.

CHAPTER III

Recent State Legislation

This chapter provides brief synopses of recently enacted legislation affecting instructional programs, school district accounting practices, and other financial issues. Persons interested in a summary of all recent legislation affecting schools in Illinois should contact the Governmental Relations Section, Illinois State Board of Education (telephone: 217/782-3646).

Organization and Structure

Organization

House Bill 3385 (Public Act 87-1139) amended Article 9 of the School Code, effective September 17, 1992. This Act authorizes school districts which elect board members by/from school district subdistricts to elect members at large, pursuant to referendum approval. It also provides for the election of board members at large, without restriction as to area of residence within congressional townships, in certain community unit school districts.

Reorganization

House Bill 2679 (Public Act 87-1080) amended Sections 7-1 and 7-2 of the School Code, effective September 15, 1992. This Act provides for the detachment of territory from elementary, secondary, or unit school districts which is located within a U.S. military base when certain criteria are met. This Act also provides for the formation of a new district from the detached territory and specifies funding and education responsibilities for the students residing in the new district.

House Bill 3385 (Public Act 87-1139) amended Articles 7, 7A, 11A, 11B and 11D of the School Code, effective September 17, 1992. This Act restricts the filing of petitions for reorganization, in specific instances, within two years of a previous petition unless the new petition is substantially different from the prior petition or the district has been placed on the State Board of Education academic watch list or financial watch list or has been formally certified as being in financial difficulty.

Finance/Revenue/Reporting

Categorical State Aid

House Bill 1081 (Public Act 87-1117) amended Sections 14-7.03, 14-8.01, and 14-12.01 of the School Code, effective January 1, 1993. This Act establishes August 15 of each year as the last date for school districts to file claims for reimbursement under Sections 14-7.03 and 14-12.01 of the School Code; claims filed after that date "shall not be honored."

Section 14-7.03 is further amended to provide that when a district refuses to pay tuition (by June 30th of the school year) to another district that is providing special education services for one or more of the first district's students, the State Board of Education "shall withhold 110% of the tuition cost from the State aid or categorical aid payment due to the school district that is determined to be the resident school district." Funds withheld from the resident school district are to be paid to the school district providing services to the student or students.

Construction of Facilities

Senate Bill 1526 (Public Act 87-1106) added Article 19b to the School Code and amended the Structural Pest Control Act, both effective January 1, 1993.

Article 19b deals with school energy conservation and savings measures. School districts are authorized to enter into guaranteed energy savings contracts for energy conservation measures under which energy and operational cost savings will meet or exceed (within ten years) the contract cost of the energy conservation measures. Procedures are established for obtaining proposals, for evaluating such proposals, and for awarding guaranteed energy savings contracts to qualified providers. School districts are authorized to enter into installment and lease-purchase agreements for the purchase and installation of energy conservation measures and to issue certificates of indebtedness incident thereto. The payment of amounts due under guaranteed energy savings contracts and/or lease purchase agreements are authorized to be made from prescribed sources.

Questions on the provisions of Article 19b should be directed to the School Organization and Facilities Section at 217/782-2962.

This Act also authorizes the establishment of voluntary guidelines for integrated pest management in public schools. Any questions concerning these amendments to the Structural Pest Control Act should be directed to the Department of Public Health, Division of Environmental Health, 525 West Jefferson, Springfield, Illinois 62761, telephone 217/782-5830.

Senate Bill 1652 (Public Act 87-984) amended numerous sections in the School Code dealing with the "Health/Life Safety Code for Public Schools," effective January 1, 1993.

The Act restructures the school building code and the standards applicable to inspection, maintenance, and construction of school facilities. Accounting procedures for school districts are revised; Fund 9 will become the "Fire Prevention and Safety Fund"; Fund 6 will become the "Site and Construction/Capital Improvements Fund." These changes will be reflected on the budget form for Fiscal Year 1994. The Illinois Program Accounting Manual for Local Education Agencies is being revised to reflect these mandated changes.

Questions concerning the implementation of changes in the "Health/Life Safety Code for Public Schools" should be directed to the School Organization and Facilities Section at 217/782-2962. Questions concerning the implementation of changes for budgeting, accounting, and financial reporting should be directed to the Finance Section at 217/782-6246.

General State Aid

House Bill 600 (Public Act 87-887) amended Section 18-11 of the School Code, effective July 31, 1992. This Act provides for the compensation of districts for interest lost each year due to the deferral to July of that part of their General State Aid payment that ordinarily would have been paid during the immediately preceding June. These payments are to be recorded in Revenue Account Number 3120 in any fund of the district except the Working Cash Fund.

Senate Bill 1988 (Public Act 87- 1215) amended Section 18-8 of the School Code, effective November 23, 1992.

The Act permits sessions of three or more clock hours to be counted as a full day of attendance if scheduled pursuant to a school improvement plan, if such sessions of three or more clock hours are scheduled to occur at regular intervals, if the remainder of such days are utilized for in-service training programs or other staff development activities for teachers and if a sufficient number of minutes of school work under the direct supervision of teachers is added to the school days between such regularly scheduled sessions to accumulate not less than the number of minutes by which such sessions of three or more clock hours fall short of five clock hours. The Official School Calendar, beginning with the 1993-1994 school year, will be required to show both the School Improvement Days and the days when the time will be made up.

Investment of Public Funds

House Bill 3568 (Public Act 87-940) amended the Public Funds Investment Act, effective August 28, 1992. Any public agency has been authorized to invest public funds in a fund managed, operated, and administered by a bank. This authority has been expanded to include a subsidiary of a bank or a subsidiary of a bank holding company.

Senate Bill 2217 (Public Act 87-968) amended and added to provisions in the School Code, effective January 1, 1993. The Act classifies funds of educational service regions as public funds for investment purposes. This amendment insures that such funds will be invested properly and removes any possible doubts about the ability of educational service regions to invest in the Illinois Public Treasurer's Investment Pool (IPTIP).

Long-Term Debt

House Bill 2166 (Public Act 87-997) amended Section 19-1 of the School Code, effective September 3, 1992, to authorize an elementary school district (whose population, at the time of the 1990 census, was not less than 8,000 nor more than 9,000 inhabitants and was located in a county with a population of not less than 39,000 nor more than 42,000 inhabitants) which must close a building because of mine subsidence damage and construct a new school, to incur an additional $5 million of indebtedness through the issuance of fire prevention and safety bonds even though the district will thereby exceed its statutory debt limitation.

House Bill 2940 (Public Act 87-1120) amended Section 7-14 of the School Code, effective September 16, 1992. This Act authorizes the school board of a school district that annexes the territory of a dissolved district to assume the bonded indebtedness of the dissolved district, by board resolution prior to the annexation.

Senate Bill 1988 (Public Act 87-1215) amended Section 7-14 of the School Code, effective November 23, 1992. This Act provides that whenever a school district with bonded indebtedness has become dissolved, the territory of the dissolved district shall not assume the bonded indebtedness of the annexing district or districts except by action pursuant to resolution of the school board of the dissolving district.

Revenue (Local)

House Bill 3456 (Public Act 87-894) amended the State Mandates Act, the Revenue Act of 1939, and Section 18-8 of the School Code, effective August 9, 1992.

This Act is exempted from the provisions of the State Mandates Act. This Act increases the senior citizen homestead exemption from $2,000 to $2,500 and the general homestead exemption from $3,500 to $4,500, in Cook County only, beginning with the 1991 levy year (taxes extended, collected, and distributed in 1992).

In addition, the Act requires that the amount of the increase in the homestead exemptions authorized by this Act be added to the equalized assessed valuation of the taxable property of each school district for the purpose of computing General State Aid.

Local tax revenues "lost" by school districts in Cook County due to the increases in the homestead exemptions will not be made up through the General State Aid Formula.

House Bill 3695 (Public Act 87-1168) amended Section 14-7.04 of the School Code, effective September 18, 1992. The Act requires federally funded health care programs to share with local education agencies the costs of screenings and diagnostic evaluations of children with disabilities; the Act also permits local education agencies that provide certain early periodic health screenings and evaluations to access these resources.

House Bill 3739 (Public Act 87-1023) amended Sections 17-2, 17-2.2c, and 17-2.3 of the School Code, effective September 4, 1992.

The Act changes dramatically the levy for capital improvements purposes. With voter approval, a school district may levy at a rate of .75% (the former rate was .06%) for not more than six years, to accumulate funds to be spent for capital improvement purposes,

including but not limited to the construction of a new school building or buildings and/or the purchase of school grounds on which any new building is to be constructed or located.

Section 17-2.2c has authorized districts to levy a tax (of up to .05%) for the purpose of leasing educational facilities; this Act defines (for the purpose of this levy) educational facilities as "any buildings, rooms, grounds, and appurtenances to be used by the district for the use of schools or for school administration purposes."

Senate Bill 969 (Public Act 87-1210) amended Section 18-8.5 of the School Code, effective September 25, 1992. This Act changes the effective date for eligibility for Supplementary State Aid ($4,000 for each full-time certified employee) under this section from September 7, 1990, to July 1, 1990. Three additional districts now qualify for this payment. It is estimated the amount they will receive is about $2.2 million.

Senate Bill 1624 (Public Act 87-1022) amended Section 10-21.5 of the School Code, effective September 3, 1992. This Act authorizes a unit school district which has the majority of its territory in the same county as a special charter district which accepts tuition students in grades 9-12 from a neighboring unit school district which does not maintain a high school to tuition its students in grades 9-12 to the charter district upon agreement between the two school boards.

Senate Bill 1988 (Public Act 87-1215) amended Sections 7A-7, 7A-8, 11A-9, 11A-10, 11B-8, 11B-9, and 11D-7 of the School Code and added Section 11D-12 to the School Code. If a new district is formed by referendum, the elected board of education, with the stipulation of the districts from which the new district is formed and the approval of the Regional Superintendent, may make its initial levy in that same year. For example, if a referendum is held on November 3, 1992, for the consolidation of two or more districts into a new district effective July 1, 1993, and the board of education for the new district is also elected on November 3, 1992, the board of education for the new district may levy taxes in December of 1992 even though the new district does not come into existence until July 1, 1993. The purpose of this provision is to enable newly formed districts to access voter-approved tax rates for the new district which are higher than those of the districts from which it was formed one year sooner than under previous provisions. These provisions of the Act were effective November 23, 1992.

Senate Bill 1556 (Public Act 87-919) created the State Mandates Referendum Act, effective August 15, 1992. It provided that an advisory question should be voted on at the November 3, 1992, general election:

"Should the Illinois General Assembly, in order to stop increasing property taxes due to mandates on local government, approve a Resolution for a State Constitutional Amendment prohibiting the General Assembly and Governor from adopting new unfunded State mandates that impose additional costs on units of local government?"

The proposition was approved.

Short-Term Debt

House Bill 3695 (Public Act 87-1168) amended Sections 20-4 and 20-5 of the School Code, effective September 18, 1992. This Act expands the use of the Working Cash Fund. Loans can now be made from the Working Cash Fund to any fund of the district for which taxes are levied. Earnings on investments of the Working Cash Fund may be transferred to any fund of the district. Loans or permanent transfers require separate resolutions by the board to make such loans or transfers.

Senate Bill 1988 (Public Act 87-1215) amended Section 18-18 of the School Code, effective November 23, 1992. General State Aid Anticipation Certificates cannot be outstanding for more than 13 months. Prior to this change, they could not be outstanding as of August 1 in any year.

Public Act 87-839 had provided that any school district which had reached its maximum short-term indebtedness limitation (as defined in Section 18-18) could borrow up to 100% of the amount of General State Aid to be received in July, as certified by the State Superintendent of Education. This Act deletes the requirement that a district must have reached its maximum short-term indebtedness limitation before issuing anticipation certificates against its July entitlement. A district may now borrow up to 100% of the amount of General State Aid to be received in July whether it has any other short-term debt outstanding or not. Any such anticipation certificates must be repaid by August 1.

State Board of Education

House Bill 1132 (Public Act 87-1077) amended Section 10-17a of the School Code, effective September 15, 1992. The Act revises the required content of school report cards. The changes could not be implemented in time to allow school districts to meet their October 31, 1992, deadline. The changes in the report card mandated by this Act will be reflected on the form for the 1992 school year which will be prepared in 1993.

Personnel

Certification

House Bill 230 (Public Act 87-1076) requires the Administrators' Academy to develop programs providing for skill development in the areas of school improvement and school accountability. The Act also authorizes educational service centers to provide training in which administrators or assistant principals who evaluate other certified personnel may be required to participate at least once every two years.

Criminal Behavior

Senate Bill 1541 (Public Act 87-930) provides that the enhanced penalties for possessing silencers or machine guns or for carrying, while hooded, robed, or masked, a firearm, stun gun,

laser, or ballistic knife on school property or on residential property owned, operated, and managed by a public housing agency apply to possessing those weapons in a public park or on a public way within 1,000 feet of a school, public park, or public housing.

House Resolution 1748 provides for a school crime study to be conducted by the Illinois Association of Regional School Superintendents.

Regional Superintendents/Trustees of Schools

Senate Bill 2218 (Public Act 87-969) amended the Election Code and the School Code, effective August 28, 1992. The Act abolished the regional board of school trustees in educational service regions containing more than two million people (Cook County ESR) and transferred the duties of the regional board to the appropriate trustees of schools of each township within the territory of the educational service region.

Students

House Bill 1081 (Public Act 87-1117) amended several sections in Article 14 of the School Code, effective January 1, 1993. The Act defines "residency" for purposes of special education services and payment responsibilities. For further information, please contact the Department of Special Education at 217/782-6601.

Senate Bill 1640 (Public Act 87-1071) provides that students who are functionally blind under criteria established by the State Board of Education and students who are not currently identified as functionally blind are entitled to Braille reading and writing instruction as part of their individualized education programs to the extent they are physically and cognitively able to use Braille.

Teachers

House Bill 3278 (Public Act 87-920) includes Asian Americans and Native Americans among the minority students eligible to apply and qualify for minority teacher scholarship assistance.

House Bill 3781 (Public Act 87-1004) changes the definition of an eligible applicant for a minority teacher scholarship by removing the requirement of graduating in the top 20% of one's high school class.

Senate Bill 1640 (Public Act 87-1071) provides that no special certificate or endorsement issued after July 1, 1994, shall be valid for teaching students with visual handicaps unless the holder of the certificate attains a satisfactory performance rating on a Braille reading and writing examination.

Senate Bill 1655 (Public Act 87-1107) provides that the employment of certain special education employees transferred from the DuPage Educational Service Region to the Chicago Board of Education shall be continuous employment.

Senate Bill 2056 (Public Act 87-1011) requires licensure to practice as a professional counselor or clinical professional counselor. The Act establishes exemptions and contains other provisions.

Questions about the Acts included in this section (**Teachers**) should be directed to the Teacher Education and Certification Department at 217/782-3774.

Purchasing

Supplies

Senate Bill 1944 (Public Act 87-960) amended the Governmental Joint Purchasing Act, effective August 28, 1992. This Act permits any not-for-profit agency that meets certain requirements to participate in contracts established by the State. The Act also permits any governmental unit, without violating any bidding requirement otherwise applicable to it, to procure personal property, supplies, and services under any contract let by the State.

Miscellaneous

Boards of Education

Senate Bill 1604 (Public Act 87-909) provides that school districts shall develop, when needed, transition supports for handicapped students at the individualized education program (IEP) meeting.

House Bill 2726 (Public Act 87-1082) amended Sections 10-20.19c and 34-18.15 of the School Code, effective January 1, 1993. This act requires school boards, public schools, and attendance centers to purchase recycled paper for use in printing student newspapers when feasible.

Curriculum/Instructional Programs

House Bill 1890 (Public Act 87-934) amended Sections 2-3.63, 2-3.64, and 27-1 of the School Code, effective August 28, 1992. This Act provides that the local assessment system of school districts shall be in at least two grade levels in each fundamental learning area before high school and in at least one grade level during high school.

The Act also provides that in 1994-95 (or earlier, if appropriate) each individualized education program (IEP) shall identify whether the State test, in whole or in part, is appropriate to the student and if not, the State Board of Education shall prescribe rules for an alternative test designed for each student's particular disability.

House Bill 2726 (Public Act 87-1082) amended the School Code by adding Sections 2-3.107 and 23-22.3, effective January 1, 1993. These additions to the School Code permit school districts to establish volunteer service credit programs through which high school students may earn credit towards graduation by performing community service.

House Bill 3513 (Public Act 87-1095) amends the Critical Health Problems and Comprehensive Health Education Act to provide that school districts may offer support services and instruction for pupils whose parents or guardians are chemically dependent.

Senate Bill 2161 (Public Act 87-992) created the Illinois Literacy Act, effective September 1, 1992. This Act authorizes the Secretary of State to grant awards to encourage adult literacy in Illinois. The Act also provides for the appointment of the Illinois Literacy Council by the Governor to advise the Governor and other agencies on strategies to encourage literacy in the State. The Literacy Advancement Fund is created and the Secretary of State is authorized to distribute monies from the fund.

House Resolution 1971, adopted May 19, 1992, encourages the State Board of Education to include teaching on breast cancer to be included in the high school curriculum.

Regional Superintendents

House Bill 3070 (Public Act 87-1124) added Sections 2-3.107 and 3-15.15 to the School Code and amended Sections 10-21.9 and 34-18.5 of the School Code, effective September 16, 1992. This Act defines educational service regions as local education agencies for the purpose of establishing their eligibility for programs or assistance available to local education agencies from the State Board of Education. The Act also permits regional superintendents to seek reimbursement for criminal background investigation fees from the State Board of Education or the appropriate school district(s).

Senate Bill 1997 (Public Act 87-990) amended Section 3-15.12 of the School Code, effective September 1, 1992. The Act requires regional superintendents to accept a picture identification card and two pieces of correctly addressed and postmarked mail as sufficient proof of an individual's residence when receiving applications to take the General Education Development test.

State Board of Education

House Bill 3115 (Public Act 87-1127), effective September 16, 1992, authorizes the State Board of Education to administer, operate, and coordinate a Service Resource Center for hearing impaired children through the age of 21.

House Bill 3474 (Public Act 87-1039) added Section 2-3.107 to the School Code, effective September 11, 1992. The Act requires the State Board of Education to develop a code of ethics for test administration.

House Bill 3484 (Public Act 87-1001) added Section 21-23b to the School Code, effective September 3, 1992. The Act requires each local board of education to notify the State Board of Education wherever any of the local board's certified employees are convicted of a felony. The State Board of Education, in turn, is required to notify the Downstate and Chicago teacher's retirement boards if certified school district employees or other persons who are "teachers" as defined in the Downstate Teacher's Article of the Illinois Pension Code are convicted of a felony.

House Bill 4022 (Public Act 87-1103) amended several sections of the School Code, effective September 15, 1992. This Act requires the State Superintendent of Education to complete a statewide study (by September 30, 1993) of the use of behavioral intervention for students with disabilities. The Act further requires the State Superintendent of Education to issue guidelines based on the study and also requires school districts (through a parent advisory committee) to develop policies and procedures that conform to the State guidelines.

Senate Bill 969 (Public Act 87-1210) created the Occupation Skill Standards Act, effective September 25, 1992. The Act requires the State Board of Education to develop a federally-required system of standards and performance measures for vocational education.

Senate Bill 1980 (Public Act 87-1014) amended Section 1A-8 of the School Code, effective September 3, 1992. This Act requires the financial watch list distributed by the State Board of Education to identify those school districts whose financial difficulties have been caused by the State's inability or refusal to make timely payments to school districts or to fully fund mandated categorical programs.

Textbooks

Senate Bill 1640 (Public Act 87-1071) requires textbook publishers to furnish certain text material in ASCII format to the State Board of Education and prohibits any school board from purchasing any textbook for use in the district's schools from any textbook publisher that fails to comply with that requirement.

Recodification of Illinois Laws

The "Illinois Compiled Statutes" became Illinois' official statutory code on January 1. It replaces the unofficial classification in the Illinois Revised Statutes and Illinois Annotated Statutes (Smith-Hurd).

The new compilation categorizes every existing Illinois Law under one of nine topics. Each topic contains several chapters, which are numbered in multiples of 5 to allow for new chapters if needed.

Topic	Chapter numbers begin at
Government	5
Education	105
Regulation	205
Human Needs	305
Health and Safety	405
Husbandry	505
Transportation	605
Rights and Remedies	705
Business	805

The numbering system used in the Illinois Revised and Annotated Statutes resulted from legal publishers' gradual revisions of the last official codification of Illinois laws in 1874. This popularly accepted numbering system is owned by the publisher of those statutes, West Publishing Co. of St. Paul, Minnesota. Other legal publishers could not print Illinois statutes using this numbering system because West's system (although not the texts of the laws themselves) is copyrighted.

Another problem was the unwieldy structure that developed in the numbering system as new laws were added over the years. The resulting complexity--with some chapter numbers including fractions and other chapters excessively long--made finding some laws a challenge.

Public Act 86-523 (1989) directed the Legislative Reference Bureau to submit a plan for a comprehensive and systematic codification of Illinois statutes. The Legislative Reference Bureau did so in 1990 and, after public hearings, released a revised plan in the fall of 1991. This year, Public Act 87-1005 directed the Legislative Reference Bureau to file a complete plan organizing all existing Illinois statutes. The act says the new numbering system is in the public domain; thus anyone can use it.

For example, Section 18-8 of the School Code is no longer to be cited as "Ill. Rev. Stat. 1991, ch. 122, par. 18-8." The new codification is: "105 ILCS 5/18-8," or less cryptically, "105 Ill. Comp. Stat. 5/18-8." The alternative citation of "Section 18-8 of the School Code" remains appropriate.

CHAPTER IV

School District Reorganization

Types of Reorganization

Consolidations

Articles 11A and 11B of the School Code govern consolidation, which is the merging of the territory of two or more existing districts to form a new district. Article 11A governs the formation of unit districts from:

1) unit districts only,
2) elementary and secondary districts only, and
3) all three types of districts.

Article 11B governs the formation of elementary districts from two or more entire elementary districts and the formation of secondary districts from two or more entire secondary districts.

Consolidation under Article 11A depends upon:

1) the filing of a petition by voter signatures or by action of the affected school boards which must set forth the maximum tax rates the new district would be authorized to levy;
2) a public hearing by the regional superintendent followed by his recommendation to the State Superintendent to approve or deny the petition;
3) a review by the State Superintendent of the petition, the transcript of the hearings, and evidence submitted at the hearings;
4) a decision by the State Superintendent to approve or deny the petition;
5) if approved by the State Superintendent, a referendum in which a majority of voters in each affected district vote "yes"; and
6) the election of a new board of education (normally) at the next regularly scheduled election.

Any circuit court review of the State Superintendent's decision must be initiated within 35 days of his decision.

The same process is required for consolidation proposals under Article 11B with the exception that Article 11A propositions pass if a majority of voters in <u>each</u> affected district vote in favor of the proposition; the passage of an Article 11B proposition requires only a majority of those voting overall.

Annexations

Articles 7 and 7A of the School Code govern annexations. Article 7 annexations involve boundary changes ranging from detaching a portion of territory from one district and annexing it to another to the dissolving of a district and the annexing of its entire territory to one or more contiguous districts. This section deals only with annexations which result in the dissolution of a district. Article 7A authorizes the annexation of all the territory of a unit district into a contiguous high school district and the simultaneous dissolving of the unit district and the conversion of its territory into an elementary district.

The processes to be followed under these two articles are very different. The Article 7A procedures resemble those of the consolidation laws. The petition may be filed by the affected boards or by a specified number of voters. The petition filed with the regional superintendent must contain the maximum tax rates for both the annexing high school district and the proposed new elementary district. If the State Superintendent approves the petition, the proposition goes to referendum, and a majority of voters in both the high school district and the unit district proposed to be converted must vote "yes" for the proposition to pass. If it passes, a new board is then elected for the newly created elementary district at the next regularly scheduled election.

Under Article 7 neither the State Superintendent nor the voters in referenda are involved; a new district is not created, a new board is not elected, and maximum tax rates are not changed. The annexation by one district of one or more of its neighboring districts can involve merely the filing of a joint petition by the boards of the affected school districts with the regional board of school trustees and a public hearing by the regional board, followed by a decision by the regional board allowing the annexation. Thus, the Article 7 option allows financially troubled districts to move much more quickly on merger than if they went through the consolidation process. In addition to petitioning the regional board by district board action, a majority of registered voters in certain cases and in other cases, two-thirds of the registered voters may submit petitions.

In 1989, Article 7 was amended to allow the voluntary dissolution of a small district. This amendment authorizes a district with a population of less than 5,000 to be dissolved upon petition by either the board of education or a majority of the voters to the regional board of school trustees. If the petition does not specify a district or districts to which the territory is to be annexed, the regional board "shall have no authority to deny dissolution." Its decision on annexation shall give "consideration to but not be bound by the wishes expressed by the residents of the various school districts that may be affected by such annexation."

Unit District Conversions

Another option was allowed by legislative action in 1990 when Article 11D was added to the Code. Under Article 11D a single new high school district and new elementary districts based upon the boundaries of dissolved unit districts may be formed from either: 1) two or more contiguous unit districts or 2) one or more unit

districts and one or more high school districts, all of which are contiguous. This reorganization option guarantees residents of existing unit districts continued control over elementary school programs, while at the same time creating high school districts with larger enrollments.

The procedures for Article 11D reorganizations closely resemble those for consolidation. Among the requirements are 1) the petition can be filed either by the affected boards or voter signature; 2) the petition must set the maximum tax rates for all the proposed districts; 3) the petition must provide for the division of liabilities and assets (including any state deficit difference payment) among the proposed new districts; and 4) the proposal shall pass if a majority of the voters in each affected district vote in favor of the proposition.

Additional Options: High School Deactivation and Cooperative High School Attendance Centers

Under Section 10-22.22b, enacted in 1986, a district can deactivate its high school facility and send its students in grades 9 through 12 to one or more other districts. Deactivation requires the approval of the board or boards of the receiving district or districts and of the majority of those voting upon the proposition in the sending district. Pursuant to a contractual agreement, the sending district shall pay to the receiving district for each student it sends at least the per capita cost of maintaining the high school in the receiving district during the preceding school year. The 1989 Amendments removed the five-year limitation on deactivation, but retained the provision allowing reactivation by vote of the people in the sending district.

Under Section 10-22.22c, enacted in 1987, two or more contiguous unit or high school districts, each with grades 9-12 enrollment of fewer than 600 students, may jointly operate one or more cooperative high school attendance centers if the voters in each district approve. Upon such approval the boards shall enter into an agreement for joint operation. A cooperative attendance center advisory board shall be established, and it shall be made up of members of the cooperating school boards. The advisory board is to prepare and recommend for the cooperative attendance center a budget which must be approved by each of the participating districts.

Further information on any of these options can be obtained by contacting the Department of School Finance, School Organization and Facilities Section, Springfield (telephone: 217/782-2962).

The Progress of School District Reorganization since 1980

There has been substantial progress in reorganization since 1980. By Fiscal Year 1993, there were 82 fewer school districts than in Fiscal Year 1980. Most of this decline in the number of districts occurred in the last third of the 1980s and the early 1990s. During this period, 114 districts were dissolved and 33 new districts were created (25 unit districts and eight elementary districts). One high school district remains deactivated.

The following table indicates the number of reorganizations that became effective under each reorganization option during five periods from Fiscal Year 1981 through Fiscal Year 1993.

TABLE 7

Summary of Reorganizations Effective in Fiscal Years 1981 through 1993

By Type of Reorganization	1981-83	1984-86	1987-89	1990-92	1993	Total
Consolidation (Articles 11A and 11B)	0	6	8	12	3	29
Dissolution/Annexation (Article 7)	3	2	15	11	8	39
Conversion/Annexation (Article 7A)	N/A*	N/A*	2	2	0	4
High School Deactivation (Sec. 10-22.22b)	N/A*	N/A*	2	1	0	3
Cooperative High School Attendance Center (Sec 10-22.22c)	N/A*	N/A*	0	0	0	0
Conversion/Dual District Formation (Article 11D)	N/A*	N/A*	N/A*	0	0	0
Net Change in Operating School Districts by Type of District						
Unit	0	-4	-11	-10	-8	-33
Elementary	-3	-4	-9	-13	-4	-33
Secondary	0	-4	-7	-4	-1	-16**
TOTAL	-3	-12	-27	-27	-13	-82
Average Annual Reduction in Number of School Districts	-1	-4	-9	-9	-13	-6.3

* Not available as a reorganization option.

** Figure includes the deactivation of programs in one high school district in the late 1980s with the effect of making the district nonoperating but not dissolved.

Supplementary State Aid under Articles 18 and 11D

A major motivation for mergers during the 1980s was the authorization by the General Assembly in 1983 of three supplementary state aid payments to newly consolidated districts. Authorization was extended in 1986 to districts annexing one or more entire other districts including annexations under Article 7A. Commonly called "incentive" payments, these supplementary payments were designed to encourage mergers by eliminating certain fiscal disincentives that had inhibited mergers. These payments are for:

1) Any loss in general state aid resulting from a merger,
2) The difference in teacher salaries among the merged districts, and
3) The difference in the deficits among the merged districts.

Effective in 1989, a fourth supplementary state aid payment became available to consolidated districts under Articles 11A and 11B and to newly formed elementary districts under Article 7A. This additional "incentive" provides $4,000 for each certified employee who is employed by the district on a full-time basis for the regular term for the first three years after the new district is formed. In 1990 this payment was extended to dissolution/annexations under Article 7.

Additional changes were made during 1990. These four supplementary state aid (incentive) payments were made available to newly created elementary and secondary districts under the new Article 11D, the unit district conversion law. In addition, these incentive payments are now payable to two or more annexing districts if the territory of a district is (or districts are) divided in the process of either annexation or consolidation.

The following table shows that $42.1 million has been paid through Fiscal Year 1993 under these laws. There was an adequate appropriation for Fiscal Year 1993 to pay the entitlements from Fiscal Year 1992 and all new entitlements under the State Aid Difference, the Teacher Salary Difference, and the Deficit Difference incentive programs. Only 73 percent of each district's entitlement under the $4,000 per Certified Employee incentive program was paid this fiscal year. The remaining 27 percent will be paid when funds are appropriated.

TABLE 8

Reorganization Incentive Payments by Program and Fiscal Year

Fiscal Year	State Aid Difference	Teacher Salary Difference	Deficit Difference	Certified Employee	Total
1986	$ 156,495	$ 190,844	$ 1,014,172	—	$ 1,361,511
1987	232,768	210,844	416,152	—	859,764
1988	437,203	692,442	638,149	—	1,767,794
1989	412,155	982,796	6,749,757	—	8,144,708
1990	590,703	1,585,917	7,354,721	—	9,531,341
1991	454,537	1,539,987	2,013,486	1,992,000	6,000,010
1992	453,051	1,078,223	1,256,726	3,212,000	6,000,000
1993	957,642	1,474,700	2,347,679	3,619,979	8,400,000
Total	**$3,694,554**	**$7,755,753**	**$21,790,842**	**$8,823,979**	**$42,065,128**

The General State Aid Difference Payment (Section 18-8(A)(5)(m) of the School Code). Qualifying for this payment are new school districts formed by combining property within two or more previously existing districts under Article 11A or 11B and school districts which annex all of the territory of one or more other school districts under Article 7 or 7A. For consolidations, if the state aid is less for the newly consolidated district or districts in the first year than the state aid would have been that same year on the basis of the previously existing districts, a supplementary payment equal to the difference shall be made for the first three years to the new district or districts. For annexations, if the state aid is less for the annexing district or districts for the first year in which the annexation is effective than in that same year on the basis of the annexing and annexed districts as constituted prior to the annexation, then a supplementary payment equal to the difference shall be made for the first three years to the annexing district or districts. Also eligible for this payment are the new elementary districts and the new high school district formed under Article 11D if these new districts qualify for less state aid than would have been payable to the previously existing districts.

Teacher Salary Difference Payment (Section 18-8.2 of the School Code). The state will make a supplementary payment for three years to new districts formed under Article 11A or 11B, equal to the difference between the sum of the salaries earned by each certified member of a new district or districts while employed in one of the previously existing districts and the sum of the salaries those certified members would have been paid if placed on the salary schedule of the previously existing district with the highest salary schedule. The salaries used in these calculations are those in effect in each of the previously existing districts on June 30 prior to the creation of the new district.

The state will make a supplementary payment for three years to districts that annex the territory of one or more school districts under Article 7 or 7A, equal to the difference between the sum of the salaries earned by each certified member of the district, as constituted after the annexation, and the sum of the salaries those certified members would have been paid if placed on the salary schedule of the annexing or annexed district with the highest salary schedule. The salaries used in these calculations are those in effect in the annexing and the annexed districts on June 30 prior to the effective date of the annexation.

The state will also make this supplementary payment to the newly formed high school district under Article 11D.

Deficit Difference Payment (Section 18-8.3 of the School Code). Eligible for this payment are new school districts formed by combining property within two or more previously existing districts under Article 11A or 11B and school districts which annex all of the territory of one or more entire other districts under Article 7 or 7A. The payment is made once and is equal to the difference between the larger and smaller deficits. If more than two districts are involved, the payment is equal to the sum of the differences between the smallest deficit and each of the other deficits.

Based on the method set forth in Section 18-8.3(c), deficits are calculated by totaling the audited fund balances in the educational fund, the working cash fund, the operations and maintenance fund and the transportation fund for each previously existing district, or for each of the annexing and annexed districts, as the case may be. A district with a combined fund balance that is positive will be considered to have a deficit of zero. The calculation is based on the year ending June 30 prior to the referendum for the creation of the new district, or in the case of annexations under Article 7, the June 30 prior to the date that the annexation is approved by the regional board of school trustees.

New elementary and high school districts formed under Article 11D are also eligible for the deficit difference payment and the payment shall be allocated among these newly formed districts, as provided for in the petition for the formation of such districts.

Supplementary State Aid for Certified Employees (Section 18-8.5 of the School Code) - For each of the first three school years, a supplementary state aid reimbursement shall be paid to a reorganized district equal to the sum of $4,000 for each certified employee who is employed by the district on a full-time basis for the regular term of such school year. The state payment shall be made within 60 days after the end of the first, second and third year of the reorganized district.

Reorganized districts qualifying for this payment are:

1) new school districts formed under Articles 11A and 11B;
2) new elementary districts formed under Article 7A;
3) one or more annexing districts following the annexation of all the territory of one or more entire school districts, but only if an annexing district acquires at least 30 percent of the Average Daily Attendance of the district(s) being annexed;
4) unit districts formed under Article 11A resulting from the division of a unit district or districts into two or more parts all of which are included in the two or more unit districts resulting upon the division; and
5) new districts formed under Article 11D.

CHAPTER V

School Finance Practices

Budgeting, Levying, and Truth in Taxation

Section 17-1 of the School Code requires school districts to adopt an annual budget before or during the first quarter of each fiscal year. The district budget must specify the objects and purposes of expenditures and the revenues necessary to meet the anticipated expenses and liabilities of the district.

The budget and appropriations for school districts in cities with more than 500,000 inhabitants are governed by Sections 34-42 through 34-82 of the School Code.

Where educational services are provided under a joint agreement, the governing board or regional superintendent responsible for joint agreement administration must adopt a budget by September 1 of the fiscal year. The adoption and content of the joint agreement budget follow requirements similar to those in Section 17-1 for school districts.

Educational Service Centers must adopt a budget annually and file a copy of the budget with the School Improvement Planning and Assistance Section, ISBE, by September 1 of each year for their fiscal year which begins September 1.

Vocational Education Regional Delivery Systems use the same budget forms and have the same adoption deadline requirements as do joint agreements.

All of the budgets referred to above must be entered (and adopted) on budget forms prepared and provided by the State Board of Education.

Budgets, at a minimum, must also contain a statement of the year's beginning and ending cash and estimated cash receipts and disbursements for the budget year. Specific requirements as to the budget form are enumerated in state statutes and in guidelines provided by the State Board of Education.

In conjunction with budget adoption for the fiscal year, a district undertakes the process of certifying the amount of monies required from local taxes.

Each board of education makes an annual levy in terms of dollar amounts and certifies this levy to the respective county clerk(s). The county clerk is charged with the responsibility for making extensions of taxes levied within the constraints of the school district tax rate limitations (See Table 9). Receipt and transfer of these monies to the school district treasurer are normally accomplished through the office of the county treasurer.

Each school district is required to certify annually and return to the respective county clerk(s), on or before the last Tuesday in December, its certificate of tax levy.

The Truth in Taxation Act (Ill. Rev. Stat. 1989, ch. 120, par. 861 through 869.1) affects all units of local government, including school districts, community colleges, and home-rule units, who are authorized to levy property taxes. The basic requirements of this law are enumerated in the paragraphs which follow.

At least 20 days prior to the adoption of its aggregate levy, the local board of education shall estimate the dollar amount of the aggregate levy for the current year exclusive of election costs.

Any district proposing to increase its aggregate levy more than 105 percent of its prior year's extension, exclusive of election costs, must publish a notice, as prescribed by law, in a newspaper of general local circulation.

If the taxing district is located entirely in one county, the notice shall be published in an English-language newspaper of general circulation published in the taxing district, or if there is no such newspaper, in an English-language newspaper of general circulation published in the county and having circulation in the taxing district.

If the taxing district is located primarily in one county but extends into smaller portions of adjoining counties, the notice shall be published in a newspaper of general circulation published in the taxing district, or if there is no such newspaper, in a newspaper of general circulation published in each county in which any part of the district is located.

If the taxing district includes all or a large portion of 2 or more counties, the notice shall be published in a newspaper of general circulation published in each county in which any part of the district is located.

The notice must be published no more than 14 days nor less than 7 days prior to the date of the public hearing. The notice must be no less than one-eighth page in size, and the smallest type that can be used is twelve point. The notice must be enclosed in a black border no less than 1/4 inch wide. The notice cannot be placed in that portion of the newspaper where legal notices and classified advertisements appear. The notice shall be published in the following form:

Notice of Proposed Property Tax Increase for (commonly known name of taxing district) .

I. A public hearing to approve a proposed property tax levy increase for (legal name of the taxing district) for (year) will he held on (date) at (time) at (location).

Any person desiring to appear at the public hearing and present testimony to the taxing district may contact (name, title, address and telephone number of an appropriate official).

II. The corporate and special purpose property taxes extended for (preceding year) were (dollar amount of the final aggregate levy as extended) .

The proposed corporate and special purpose property taxes to be levied for (current year) are (dollar amount of the proposed aggregate levy) . This represents a (percentage) increase over the previous year.

III. The property taxes extended for debt service and public building commission leases for (preceding year) were (dollar amount) .

The estimated property taxes to be levied for debt service and public building commission leases for (current year) are (dollar amount) . This represents a (percentage increase or decrease) over the previous year.

IV. The total property taxes extended for (preceding year) were (dollar amount) .

The estimated total property taxes to be levied for (current year) are (dollar amount) . This represents a (percentage increase or decrease) over the previous year.

Any notice which includes any information not specified and required by this Act is an invalid notice.

Public Act 87-201 amended the Truth in Taxation Act to provide that no levy of a taxing district shall be invalidated for failure to comply with the provisions of the Act if the failure is attributable to the newspaper's failure to reproduce the information accurately or to publish the notice as directed by the taxing district.

All hearings must be open to the public. The corporate authority of the taxing district is to explain the reasons for the proposed increase and is required to permit persons desiring to be heard an opportunity to present testimony within reasonable time limits.

Definitions:

- "Aggregate levy" means the annual corporate levy of the taxing district and those special purpose levies which are made annually (other than debt service levies and levies made for the purpose of paying amounts due under public building commission leases).
- "Special purpose levies" include, but are not limited to, levies made on an annual basis for contributions to pension plans, unemployment and workers' compensation, or self-insurance.
- "Debt service levies" are those levies made to retire the principal or pay interest on bonds or to make payments due under public building commission leases.

School districts must know which tax levies are included in each category.

- "Corporate levy" includes the levies for educational purposes and operations and maintenance purposes.
- "Special purpose levies" include all other levies except debt service levies.
- "Debt service levies" include levies for bond and interest purposes and for rent purposes (Rent: Section 35-23 of the School Code for payments to the Capital Development Board; Section 22-17 of the School Code and Section 18 of the Public Building Commission Act for payments to public building commissions).

If a public hearing must be held, it may not coincide with the hearing on the proposed budget of the taxing district. The hearing must be convened no more than 14 days, nor less than seven days, after the notice publication. If the final levy ordinance adopted is greater than 105 percent of the prior year's extension and is in excess of the amount shown in the published notice, a second published notice of the adoption action must be made in the form and manner provided in Section 7 of the Truth in Taxation Act within 15 days. No hearing needs to be held after this subsequent publication.

The levy filed with the county clerk may not request extension of an aggregate levy in an amount greater than 105 percent of the prior year's extension unless the levy ordinance meets the Truth in Taxation Act requirement. The school board must file a certification by the presiding officer of the board stating that the provisions of the Truth in Taxation Act have been met.

New school districts formed by consolidating previously existing districts are not bound by the provisions of this Act the first time they levy taxes. By the terms of the Act, it cannot apply unless a district made a levy for the preceding year. If a school district annexes one or more districts, the Act does apply because the annexing district made a tax levy the preceding year.

Tax Rate Limitations

Tax rates for school districts are related to specific funds. School districts in Illinois are subject to various limitations in property tax rates for each fund. State law limits tax rates in most major funds to both a permissive level and a maximum level. The permissive level is the rate allowed without referendum approval of the voters of a district. The maximum rate is the limit allowed with referendum approval.

Table 9 shows school district tax-rate limitations in effect for the 1992-1993 school year.

TABLE 9

School District Tax Rate Limitations[a]
(Chicago District Number 299 not included)

	District Type	Percent without Referendum	Percent with Referendum
Educational Fund	Elementary	0.920[b]	3.50
	High School	0.920[b]	3.50
	Unit	1.840[b]	4.00[c]
Operations and Maintenance Fund	Elementary	0.250[b]	0.55
	High School	0.250[b]	0.55
	Unit	0.500[b]	0.75[c]
Capital Improvements Fund	All	0.000	0.75[d]
Transportation Fund	Elementary	0.120[e]	As Needed[f]
	High School	0.120	As Needed[f]
	Unit	0.200	As Needed[f]
Summer School	All	0.000	0.15
Bond and Interest Fund	All	N/A	As Needed[g]
Rent Fund	All	N/A	As Needed[g]
Municipal Retirement/ Social Security Fund[h]	All	As Needed[g]	N/A
Tort Immunity[i]	All	As Needed	N/A
Health Insurance	All	N/A	As Needed
Working Cash Fund	All	0.050	N/A
Fire Prevention, Safety, Energy Conservation and School Security	All	0.050	0.10
Special Education	Elementary	0.020	0.125
	High School	0.020	0.125
	Unit	0.040	0.250
Area Vocational Education	High School	0.000	0.05
	Unit	0.000	0.05
Tort Judgment Bonds	All	As Needed[g]	N/A
Facility Leasing	All	0.050	0.10
Temporary Relocation	All Eligible	0.050[j]	N/A

[a] These limitations apply to the 1992 tax levies for taxes extended and collected during calendar year 1993. N/A means not applicable.
[b] Subject to possible backdoor referendum (Section 17-2.2).
[c] Coterminous dual districts forming a unit district may have a maximum rate of 6.00 percent for educational, and 1.10 percent for operations and maintenance (Sections 17-3 and 17-5).
[d] For a maximum period of six years.
[e] Certain elementary school districts which meet the requirements of PA 86-128 may levy at a rate not to exceed 0.200 percent, subject to the backdoor referendum provisions of Section 17-2.2.
[f] Section 17-4 places no maximum on the tax rate, if voter approved.
[g] In making a determination, the school district or county clerk must take into consideration district receipts of corporate personal property replacement funds.
[h] Separate levies are required for Municipal Retirement purposes and for Social Security/Medicare only purposes.
[i] The Tort Immunity Act includes liabilities under the Unemployment Insurance Act and the Workers' Compensation and Occupational Diseases Acts.
[j] Eligible school districts may levy to repay the state for temporary relocation expenses (Section 17-2.2c).

With the 1985 enactment of an amended Section 9-107, Chapter 85, of the Local Governmental and Governmental Employees Tort Immunity Act, school districts may now include as allowable expenditures from the tort immunity levy the cost of risk-management (loss-prevention) programs. Risk management refers to making choices in planning and purchasing specialized prevention measures and insurance coverages for a wide variety of responsibilities for a school district. Risk management includes the identification, measurement, and implementation of processes for dealing with potential losses associated with property and injury to persons.

The bill allows, under risk management, the hiring of consultants to review the physical plant and property of a school district to determine if potential hazards exist which might result in workers' compensation claims or lawsuits against the school district. It also includes the hiring of consultants to review a school district's insurance coverage to make sure all necessary coverages are included in reasonable amounts. Risk management does not necessarily include payments of insurance premiums.

The addition of Section 17-2.5 to the School Code seems to indicate that property insurance premiums may be made from the tort immunity tax levy. Property insurance means insurance protecting the district against loss or damage to its own property–buildings, building fixtures, personal property, and motor vehicles. Section 17-7, the School Code, states that "any sum expended for the payment of all premiums for insurance upon school buildings and school building fixtures [i.e., items of personal property permanently affixed to a building] shall be paid from the tax levied for operations and maintenance purposes." Expenditures for other types of property insurance are payable from either the educational fund or the transportation fund (Sections 17-7 and 17-8, the School Code). The Legal Section, Illinois State Board of Education holds that the provisions of Section 17-7 prevail.

Additional tax rate limitations were imposed by Public Act 87-17 (Senate Bill 1378). This summary, with a few exceptions, is limited to the effects of this Act on school districts.

Property Tax Extension Limitation Act

The Property Tax Extension Limitation Act limits the increase in property tax extensions in certain counties to 5% or the percent increase in the national Consumer Price Index (CPI), whichever is less. The Act first applied to the 1991 levy year for taxes payable in 1992. Increases above 5% or the CPI must be approved by the voters in a referendum.

The Consumer Price Index used in the Act is the Consumer Price Index for All Urban Consumers for all items published by the United States Department of Labor. If the percentage increase during the 12-month calendar year preceding the levy year is more than 5%, then the limitation is 5%; otherwise it is the rate of increase of the CPI. For the 1992 levy year, the limitation will be 3.1%; for the 1993 levy year, the limitation will be 2.9%.

This Act imposes a mandatory property tax limitation on taxing districts located entirely in counties contiguous to Cook County: DuPage, Kane, Lake, McHenry and Will counties (collar counties). Levies for tort immunity, fire prevention and safety, and pension purposes are subject to the limitations.

Taxing districts that overlap into other counties are included in the mandatory provisions of this Act only if a majority of the equalized assessed valuation (EAV) for the 1990 levy year is in the collar counties. If a majority of the 1990 EAV is in Cook County or the other 96 counties in the State, the limitation provisions do not apply to the district.

Home-rule taxing districts are not affected by the Act.

The following types of debt obligations are excluded from the limitation if separately levied:

1) General obligation bonds approved by referendum.

2) General obligation bonds issued prior to the effective date of the Act (October 1, 1991).

3) Bonds issued to refund or continue to refund those bonds issued prior to the effective date of the Act or approved by referendum.

4) Revenue bonds issued prior to the effective date of the Act which are backed by a property tax levy or the full faith and credit of the local unit of government. Such an exemption is allowed only after all other sources are deemed insufficient to make the payment.

5) Building Commission lease bonds issued prior to the effective date of the Act.

6) Installment contracts entered into before the effective date of the Act.

7) Bonds issued under the Metropolitan Water Reclamation District Act to finance construction projects initiated prior to the effective date of the Act.

Bonds issued on or after October 1, 1991, are not excluded from the limitation provisions unless they are approved by voter referendum.

1) If no referendum is required by the statute authorizing the bonds or other obligations, or if they are subject to backdoor referendum, the governing body of the taxing district may pass an ordinance or resolution to put the question to the voters under Section 1-7 of the Property Tax Extension Limitation Act. If the question is approved by the voters, the bonds may be issued, and they are excluded from the limitation. If the question is turned down by the voters, the bonds may not be issued.

2) If a backdoor referendum has been called, the election held, and the issue approved by the voters, the bonds are excluded from the limitation.

3) If a taxing district issues bonds according to current statutory provisions without calling for a referendum under the provisions of Section 1-7 of the Property Tax Extension Limitation Act, bonds are subject to the limitation if no backdoor referendum is held.

NOTE: Reputable bond counsels disagree with this opinion of the Department of Revenue. They hold that no bonds can be issued by affected taxing bodies unless a successful "front door" referendum has taken place.

A taxing district, subject to the limitation provisions, may submit a question to the voters requesting a greater percentage increase in extension than the lesser of 5% or the CPI increase. The referendum must be held at a regularly scheduled election in accordance with the election code and must be held before the levy date. If approved by a majority of voters voting on the issue, the higher extension limitation shall be in effect for one levy year only.

Referenda made pursuant to this Act are exempt from the requirement that taxing districts may have only three referenda on a ballot.

Adjustments to the Limitation

1) Taxing districts will get an increase over the limitation proportional to the amount of new property added to the tax base as well as any annexations to the tax base.

2) If voters have approved a rate increase that is first effective in the levy year, the extension may be increased proportionally for that levy year.

3) If voters had approved a rate increase for a fund after December 31, 1988, and the taxing district did not increase its rate to the new maximum rate, a proportional increase is allowed for each of the four years after the levy year the increase is first effective.

4) If a taxing district had a decreased aggregate extension the previous year from the year before that, the limitation amount is based on the highest aggregate extension in any of the last 3 preceding levy years. For example, in extending taxes for 1992, assume the extensions for the three prior years were:

1991	$600,000
1990	$750,000
1989	$720,000

In this example the extension was reduced in 1991, the year prior to the levy year from the year before, 1990. Thus, the district's base becomes the highest of the extensions for the three previous years: 1989, 1990, and 1991. The base is $750,000 for this taxing district.

Prior-Year Equalized Assessed Value

The prior-year equalized assessed value provision of the Act began with the 1992 levy year for tax bills payable in 1993. The provision continues for all subsequent years.

All taxing districts in Cook County are affected. All taxing districts overlapping into Cook County are affected, but only for the Cook County portion of the district.

The county clerk will use the prior-year equalized assessed value of the Cook County portion of the property to compute the taxing district's extension amount. This means the most that can be raised for a fund is the maximum tax rate for that fund times the prior-year EAV for all property currently in the district. For overlapping taxing districts, the prior-year EAV will be used for the Cook County portion of the district and the current-year EAV for the rest of the district.

The taxes will be spread against the current-year EAV for the entire district. The effect will be to lower the tax rate for those districts at their maximum tax rate for a fund in districts increasing in EAV. Taxpayers will see the current-year EAV on their tax bills, but the rate will be lower than it would have been had the maximum allowable levy been calculated against the current-year EAV.

By spreading the tax burden against the current-year EAV, new property bears its fair share of the tax burden. Property deleted from the tax rolls will not get a tax bill, and corrections to EAV by the Board of Appeals or the County Assessor will be made before the tax burden is spread.

Taxing districts will experience a year's delay in the tax base increase that normally comes with the assessment district reassessment.

Taxpayers will experience a year's delay in increases that come from the taxing district's greater levying power after a tax base increase. They will, however, note differences in their tax bills the year of the reassessment because their share of the burden may have been changed due to the reassessment.

Interfund Transfers/Working Cash Fund

Under the fund accounting required of school districts, the revenues and assets of a given fund are restricted to the purposes of that fund. Under specific circumstances and conditions, monies may be transferred from one fund to another. This section outlines monies permissible for interfund transfers. Transfers require the specific authorization of the local board of education.

Transfer of Interest Earned. Section 10-22.44 of the School Code delineates the general conditions which apply to the interest earned in a fund. Unless prohibited, school districts are permitted to transfer interest earned on the monies in any fund of the district to the respective fund of the district that is most in need of such interest income, as determined by the school board. The transfer is permissible unless the interest earned has been previously earmarked or restricted by the board for a designated purpose.

The law prohibits the transfer of interest earned on monies in the funds for Illinois Municipal Retirement; Tort Immunity; Fire Prevention, Safety, Energy Conservation and School Security; and Capital Improvements. Special provisions apply to the transfer of interest from the Working Cash Fund. (See Working Cash Fund Interest.)

Interest earnings on federal funds are restricted to the purpose for which the funds are received.

Excess Bond and Interest Fund Monies. Until 1986, the transfer of excess Bond and Interest Fund monies was limited by Section 19-4 of the School Code. Previously, excess funds on hand in the bond and interest account were required to be transferred to the district fund bearing the nearest relation to the purpose for which the bonds were issued initially (under the authority in Sections 19-2 through 19-6 of the School Code).

Legislation enacted in 1986 eliminated the authorization for transferring monies left in a bond and interest account (fund) when all bonds have been redeemed and all interest payments made. If monies remain in a bond and interest account (fund) and these monies are attributable to earnings on investments, the provisions of Section 10-22.44 of the School Code are applicable. Under these provisions certain excess monies may be transferred to the district fund that is most in need of such interest income, as determined by the school board.

If monies remain in a bond and interest account (fund) and these monies are attributable to excess tax proceeds (taxes levied to pay interest on and redeem principal of bonds), there is no authorization to use those monies for any purpose. A district might consider transferring such excess tax proceeds to another bond and interest account (fund) and abating an equal amount of the taxes that will otherwise be levied for that purpose.

Bond Premium Treatment. Pursuant to Section 10-22.14 of the School Code, school districts shall exercise an option with regard to bond premiums. When proceeds from the sale of bonds include a premium, the board shall determine by resolution whether the premium realized in the sale of bonds is to be used for the purposes for which the bonds were issued, or instead, for payment of the indebtedness and interest on those bonds.

Treatment of Interest Earned on the Investment of Bond Proceeds. When proceeds from the sale of bonds issued for fire prevention, safety, energy conservation, and school security purposes as specified in Section 17-2.11 of the School Code are invested as authorized by law, the board shall determine by resolution whether the interest on the investment of such bond proceeds is to be used for the purposes for which the bonds were issued or for payment of the principal indebtedness and interest on those bonds. When any such transfer is made to the Bond and Interest Fund, the secretary of the school board shall notify the county clerk(s), within 30 days, of the amount of the transfer and direct the county clerks(s) to abate the taxes to be extended to make principal and interest payments on those bonds by an amount equal to the transfer (Section 10-22.14 of the School Code as amended by Public Act 87-984, effective January 1, 1993). When bonds are issued for any other purpose and the proceeds are invested as authorized by law, the interest earned on such investments may be transferred in accordance with the provisions of Section 10-22.44 of the School Code.

Treatment of Excess Bond Proceeds. When bonds, other than bonds issued for fire prevention, safety, energy conservation, and school security purposes are issued by any school district, and the purposes for which the bonds have been issued are accomplished and paid for in full, excess proceeds of the bonds may be transferred by board resolution to the Operations and Maintenance Fund.

When bonds are issued by any school district for fire prevention, safety, energy conservation, and school security purposes as specified in Section 17-2.11, and the purposes for which the bonds have been issued are accomplished and paid for in full, and there remain funds on hand from the proceeds of the bonds issued, the board, by resolution shall use those excess funds

- for other authorized fire prevention, safety, energy conservation, and school security purposes as specified in Section 17-2.11 or
- for transfer to the Bond and Interest Fund for payment of principal and interest on those bonds.

If any transfer is made to the Bond and Interest Fund, the secretary of the school board shall notify the county clerk(s), within 30 days, of the amount of that transfer and direct the county clerk(s) to abate the taxes to be extended for the purposes of principal and interest payments on the respective bonds issued under Section 17-2.11 by an amount equal to such transfer (Section 10-22.14 of the School Code as amended by Public Act 87-984, effective January 1, 1993).

Section 34-29.3 of the School Code deals with excess funds on bonds issued by Chicago School District 299 under Sections 34-22 through 34-22.7. When the purposes for which the bonds have been issued are accomplished and paid for in full, excess funds may be transferred by board resolution to the Working Cash Fund.

Working Cash Fund Interest. Monies earned as interest from investment of the Working Cash Fund may be transferred from the Working Cash Fund upon the authority of the school board. A separate resolution must be enacted, directing the school treasurer to make such transfer to any other fund of the district. Specific provisions are contained in Section 20-5 of the School Code as amended by House Bill 3695, Public Act 87-1168, effective September 18, 1992.

Working Cash Fund Balance to Educational Fund. The board of education of any school district may, by resolution, abolish its Working Cash Fund and transfer any balance to the Educational Fund at the end of the fiscal year. Outstanding interfund loans from the Working Cash Fund must be paid to the Educational Fund at the end of the fiscal year. Uncollected Working Cash Fund taxes, when collected, must be paid into the Educational Fund (Section 20-8).

Other Working Cash Fund Limitations. Section 20-6 of the School Code contains strong penalties for any member of a school board or any other person holding any office, trust, or employment under a school district who is guilty of willful violation of any of the provisions of Article 20 (the Working Cash Fund).

Further limitations to the Working Cash Fund are included in the Tax Anticipation Note Act (Ill. Rev. Stat. 1989, ch. 85). These limitations affect Working Cash Fund transfers when tax anticipation notes have been issued. The following is an excerpt from Section 825 of the Act:

Whenever the unit of government has established a working cash fund, as provided by law, the tax rate shall not be reduced below the amount necessary to reimburse any money borrowed from the Working Cash Fund. It shall be the duty of the clerk or secretary of the unit of government, annually, not less than 30 days prior to the tax extension date, to certify to the county clerk the amount of money borrowed from the Working Cash Fund to be reimbursed from the specific tax levy. No reimbursement shall be made to the Working Cash Fund until there has been accumulated from the tax levy to pay the notes an amount sufficient to pay the principal of, and interest on, the notes to maturity. At such time as there are no notes outstanding, all proceeds of such levy shall be applied for the specific purpose or purposes for which the notes were issued.

Borrowing Money/Debt Limitations

Many school districts borrow money to meet cash flow needs or to finance capital projects. School board members and administrators should understand the various means under which borrowing may occur so that the best plan for meeting the specific needs of the district may be adopted. The terms and conditions of borrowing money are dependent upon the credit rating of the district, i.e., a designation used by analysts or rating services to represent relative quality of debt issues. Numerous conditions within the control of the school board affect the credit rating of a district. Good fiscal administration, full disclosure financial reporting, effective long-term financial planning, efficiency of operation, and sound board policies help establish a favorable credit rating. School districts should first determine if short-term cash shortages can be met by working cash fund loans or other interfund loans before incurring short-term debt through external sources. ISBE'S *Guide to Long- and Short-Term Borrowing for Illinois Public School Districts* was revised as of November 1990 and distributed to school districts shortly thereafter.

Maximum Bonded Indebtedness. Limitations on school district bonded indebtedness are determined in relationship to a district's equalized assessed valuation (EAV) of real property. Section 19-1 of the School Code contains the general debt limits for elementary and high school districts (6.9 percent of EAV) and unit districts (13.8 percent of EAV).

Section 19-1 also provides that a maximum of 15.0 percent of EAV bonded indebtedness may be incurred by certain growth districts when the regional superintendent concurs with the school board's enrollment projections and two-thirds of the electors approve the bond issue.

- Bonds subject to the debt limitation provisions:
  - Building Bonds*
  - Fire Prevention and Safety Bonds**
  - Refunding Bonds**
- Bonds not subject to the debt limitation provisions but included in total bonded indebtedness***:
  - Working Cash Fund Bonds
  - Funding Bonds'
- Bonds not subject to the debt limitation provisions and not included in total bonded indebtedness:
  - Tort Judgment Bonds**
  - Insurance Reserve Bonds**

* Voter approval required.
** May be issued without referendum, except for those districts in the counties affected by the Property Tax Extension Limitation Act.
*** May limit the issuance of bonds subject to the debt limitation provisions.
' Subject to backdoor referendum.

In addition to bonded debt, these statutory debt limitations apply to Teachers' Orders, Employees' Orders and the principal portion of a three- or five-year lease-purchase agreement.

Maximum Interest Rates. The maximum interest rate payable on all short-term debt instruments and all bonds issued is the greater of nine percent per annum or 125 percent of a market rate indicator. This indicator is the "General Obligation Bonds Index" of average municipal bond yields as published in the most recent edition of *The Bond Buyer*. Measurement of this bond index is done at the time the contract is made for sale of the bonds as authorized by Illinois Revised Statutes, Chapter 17, Section 6602.

Short-Term Debt Limitations. Section 18-18 of the School Code limits school districts' issuance of state aid anticipation certificates, general obligation notes, and tax anticipation warrants so that the total amount of state aid certificates, notes, and warrants outstanding for any fiscal year may not exceed 85 percent of the taxes levied by the district for that year.

Public Act 87-839 had amended Section 18-18 of the School Code to permit districts which had reached their maximum short-term indebtedness limitation to borrow up to 100% of their July General State Aid Payments.

Public Act 87-1215 deleted the requirement that a district must have reached its short-term indebtedness limitation before issuing anticipation certificates against its July entitlement. Any district may now borrow up to 100% of the amount of General State Aid to be received in July even if it has no other short-term debt outstanding.

A district is also limited in the amount which can be accumulated in the Working Cash Fund. Whether through the sale of working cash bonds or through annual levy, the maximum amount that can be accumulated in the Working Cash Fund is 85 percent of the taxes permitted to be levied for educational purposes for the then current year plus 85 percent of the district's last known entitlement to Corporate Personal Property Replacement Taxes (Section 20-2).

Interfund Loans. The School Code authorizes school districts to make interfund loans as follows:

Operations and Maintenance Fund to the Educational Fund or the Transportation Fund or the Fire Prevention and Safety Fund (Section 10-22.33 as amended by Senate Bill 1652, Public Act 87-984, effective January 1, 1993)

Educational Fund to the Operations and Maintenance Fund or the Transportation Fund or the Fire Prevention and Safety Fund (Section 10-22.33 as amended by Senate Bill 1652, Public Act 87-984, effective January 1, 1993)

Transportation Fund to the Educational Fund or the Operations and Maintenance Fund or the Fire Prevention and Safety Fund (Section 10-22.33 as amended by Senate Bill 1652, Public Act 87-984, effective January 1, 1993)

Working Cash Fund to any fund of the district for which taxes are levied (Section 20-4, as amended by House Bill 3695, Public Act 87-1165, effective September 18, 1992)

Monies that are temporarily idle and/or surplus in specific funds may be loaned to cover anticipated interim needs in certain other funds, as cited above. Such monies, excluding Working Cash Fund Loans, must be repaid to the proper fund within one calendar year. Working Cash Fund loans must be repaid upon the collection of anticipated taxes. Exceptions to the payment of Working Cash Fund loans exist when tax anticipation notes are outstanding.

Even though interfund loans can be made to the Fire Prevention and Safety Fund, no interfund loans are premitted to be made from the Fire Prevention and Safety Fund.

Interfund loans require appropriate authorization by the board of education of the district.

Short-Term Borrowing

State Aid Anticipation Certificates. Section 18-18 of the School Code allows school districts to issue a type of short-term debt known as State Aid Anticipation Certificates. Using certificates, money is loaned to a district against anticipated General State Aid payments. The certificates have the following general characteristics.

- Certificates may not be outstanding for more than 13 months.
- Certificates are payable solely from General State Aid payments.
- Certificates may be issued without referenda.
- The amount of certificates to be issued may not exceed 75 percent of the state aid allocated to the school district for that year as certified by the State Superintendent and the regional superintendent after subtracting the amount of funds available for transfer from the district's Working Cash Fund.
- The amount of certificates plus the amount of the district's general obligation notes and tax anticipation warrants outstanding for the year may not exceed 85 percent of taxes levied by the district for that year.
- The board, prior to issuing the certificates, must adopt a resolution designating the purposes for which the proceeds of the certificates are to be expended, the amount to be issued, maturity dates, rate of interest, and other optional provisions.
- Public Act 87-1215 permits districts to borrow up to 100% of their July State Aid payments; these loans must be repaid by August 1 and may be in excess of the limitations stated above.

Personal Property Replacement Tax Notes. Personal property replacement tax notes may be issued in an amount not to exceed 75 percent of the entitlement of replacement taxes anticipated for the year. The entitlement amount must be certified by the Director of the Illinois Department of Revenue. If the entitlement has not yet been certified, notes may be issued based upon 90 percent of the last known entitlement as certified by the Director of the Illinois Department of Revenue (Ill. Rev. Stat. 1991, ch. 85, par. 824.1).

Tax Anticipation Notes. School districts are authorized to issue general obligation notes in an amount (including principal, interest, and costs of note issuance) not to exceed 85 percent of the taxes levied. Anticipation notes may be issued in anticipation of all taxes, including those for which tax anticipation warrants may not be issued. No notes shall be issued during any fiscal year in which there are tax anticipation warrants outstanding against the tax levied for the fiscal year.

Anticipation notes bear interest at a rate not exceeding the greater of nine percent, or 125 percent of the General Obligation Bonds Index of average municipal bond yields. Notes must mature within two years. A board of education is required to adopt a resolution fixing the amount of notes, the date and the maturity date, the rate of interest (unless the notes are to be sold by public bid), the place of payment, and the denomination (in equal multiples of $1,000). The board resolution must also provide for the levy and collection of a direct annual tax upon all taxable property in the district sufficient to pay the principal and interest on the notes to maturity (Ill. Rev. Stat. 1991, ch. 17, par. 6602).

When tax anticipation notes are outstanding, it is the duty of the county clerk to reduce a district's specific tax rate by the percentage necessary to produce an amount to pay the principal and interest on the outstanding notes. When the district has established a Working Cash Fund, the tax rate is not reduced below the amount necessary to reimburse any money borrowed from the Working Cash Fund. It is the duty of the clerk or secretary of the

district annually, and not less than 30 days prior to the tax extension date, to certify to the county clerk the amount of money borrowed from the Working Cash Fund that is to be reimbursed from the specific tax levy. No reimbursement may be made to the Working Cash Fund until an amount sufficient to pay the principal of, and interest on, the notes to maturity has been accumulated from the tax levy. The notes are executed in the name of the district by manual or facsimile signatures of district officials designated by the resolution. At least one signature on each note must be a manual signature. The notes may be issued in excess of any statutory debt limitation and do not operate to reduce the authority to incur debt otherwise authorized for the district. The issuance of notes does not require a referendum (Ill. Rev. Stat. 1991, ch. 85, sec. 825).

Tax Anticipation Warrants. When there is no money in the treasury to pay the necessary expenses of the district, a school board may issue warrants, or may provide a fund by issuing and disposing of warrants drawn against, and in anticipation of, any taxes levied for payment of necessary district expenses for transportation, educational, and operations and maintenance purposes, or for payments to the Illinois Municipal Retirement System (but not the Social Security System), or for payments of maturing principal and interest of bonds. Warrants may be issued to a legal maximum of 85 percent of the total amount of the tax levied. The warrants show upon their face that they are payable in the numerical order of their issuance solely from such taxes when collected. Taxes must be set aside and held for warrant payment. Every warrant bears interest payable out of the taxes against which it is drawn, at a rate not exceeding the greater of nine percent, or 125 percent of the General Obligation Bonds Index of average municipal bond yields, per annum from the date of issuance until paid, or until notice is given that the money for the warrant is available (Section 17-16 of the School Code).

Teachers' Orders. Teachers' orders are, in effect, promissory notes for wages due, paid in lieu of cash to a teacher. Wages of teachers are paid in a manner agreed upon by the school board, but at least one payment must be made during each school month. The board issues and delivers an order to the school treasurer for the amount of salary due. Teachers' orders must be issued when due, even though there is no money in the Educational Fund, and the orders become a liability against future Educational Fund revenue of the district.

The school treasurer cannot pay out funds of a district except upon an order of the school board signed by the president and clerk, or secretary, or by a majority of the board. When teachers' orders are presented to the treasurer and cannot be paid because of lack of funds, the treasurer endorses the orders over his or her signature "not paid for want of funds," marks the date of presentation and records the endorsements. After an endorsement, the order becomes negotiable and bears interest not exceeding the greater of nine percent, or 125 percent of the General Obligation Bonds Index of average municipal bond yields per annum. The order remains outstanding and interest accumulates until the treasurer notifies the clerk or secretary, in writing, that he or she has funds to pay the order. The order draws no interest after notice is given to the clerk or secretary (Section 8-16 of the School Code).

Charter school districts having a population of less than 500,000 may issue to teachers and other employees of the district, orders in payment of salaries (Section 32-4.14 of the School Code). (As of December 1, 1992, there are 12 such charter school districts in Illinois.)

Contract Purchasing of School Buses. A school board, by resolution, may enter into a contract for the purchase of buses to be paid for within a three-year period from the date of the resolution or over such longer period of time as does not exceed the depreciable life of the vehicle (currently five years) (Section 10-23.4 of the School Code).

Anticipation of Revenue

The Anticipation of Revenue Act (Ill. Rev. Stat. 1991, ch. 85, par. 831-1 et seq.) authorizes units of local government and school districts to issue obligations to anticipate revenue from any sources including, but not limited to, federal aid, State revenue sharing, local taxes and fees.

Anticipatory obligations issued against such expected revenues for any purpose shall not exceed 85 percent of such revenues. Written assurance of the amount of revenue to be received from a particular source must be filed with the proper county clerk before the obligations can be issued.

Obligations issued under this Act shall be due not more than 12 months from the date of issue and shall bear interest at a rate not exceeding the maximum rate authorized by the Bond Authorization Act (Ill. Rev. Stat., 1991 ch. 17, par. 6600 et seq.) at the time of issuance.

Several duties are imposed upon the Treasurer of the district including authentication of notes and coupons, providing certificates of authenticity, keeping a registry of each series of notes issued, transmitting funds to pay principal and interest, and insuring that notes are paid.

Severe penalties are provided if notes are issued in excess of the limitations. Any official of the unit of local government or school district who votes for or otherwise influences the issuance of notes under this Act in excess of the limitations provided in the Act, "shall be liable for twice the sum of such excessive notes to the unit of local government or school district as the case may be and shall be ineligible for his office and be subject to removal from office."

To the best of our knowledge, no school districts have borrowed monies under the provisions of this Act. This may be due to the provision in Section 3 of the Act which states:: "The notes shall be sold to the highest responsible bidder after due advertisement and public opening of bids." (Emphasis added.)

Long-Term Borrowing

Working Cash Fund Bonds. For the purpose of creating a Working Cash Fund, the school board of a district having a population of less than 500,000 may incur a bonded indebtedness. Total

indebtedness cannot exceed, in the aggregate, 85 percent of the taxes permitted to be levied for educational purposes for the current year plus 85 percent of the last known personal property replacement tax revenue entitlement minus any balance currently in the Working Cash Fund. The maximum amount a district can have in its Working Cash Fund is calculated by this same formula.

The Working Cash Fund may be created by issuance of bonds and/or by resolution of the school board to levy an annual tax not to exceed .05 percent. Working Cash Fund monies may be used only for the purposes of authorized interfund loans. Monies in the fund are not regarded as current assets available for school purposes and may not be used by the school board other than to loan monies with which to meet ordinary and necessary disbursements for salaries and other school purposes. The monies may be loaned to any fund of the district for which taxes are levied. Working Cash Fund monies are considered loaned in anticipation of the amount of taxes to be received in excess of the amount necessary to pay any outstanding tax anticipation warrants and related interest. Working cash fund loans must be repaid when the taxes which were anticipated are received (Sections 20-1, 20-2, 20-3, 20-4, and 20-7 of the School Code).

Funding Bonds. At times, orders for the wages of teachers or for the payment of claims are created that cannot be met from current revenue. These obligations may be paid by issuing funding bonds. Before issuing funding bonds, the school board must adopt a resolution declaring its intention to issue bonds for the purpose(s) provided. The notice of intent to issue bonds to pay claims must be published.

The notice informs a district's voters both of the school board's intention to issue bonds and that bonds will be issued unless a petition requesting an election is presented to the board within 30 days from the date of the notice. If a petition signed by at least ten percent of the district's legal voters is filed requesting the school board to call an election, an election must be held before the bonds can be issued (Sections 19-8 and 19-9 of the School Code).

Refunding Bonds. Refunding bonds may be issued to pay the outstanding obligations of a district. Refunding may be for bonds and interest due when funds are not available for their payment, or for reissuing (refinancing) callable bonds (which have not matured) at a lower rate of interest. If the district's indebtedness does not exceed the appropriate debt limitation at the time the bonds are issued, these bonds may be refunded by issuing refunding bonds at a later date. Refunding bonds may be issued without a referendum (Sections 19-15 and 19-16 of the School Code).

Fire Prevention, Safety, Energy Conservation, and School Security Bonds. School districts may expend tax revenues for fire prevention and safety purposes; for the protection and safety of the environment, pursuant to the "Environmental Protection Act"; for energy conservation purposes; and for school security purposes. *These expenditures must be as a result of a lawful order of any agency, other than a local board of education, having jurisdiction over school districts.*

Expenditures for fire prevention, safety, and environmental protection have priority over expenditures for energy conservation or school security purposes. Section 17-2.11 allows a district to tax at a rate of .05 percent (5 cents per $100 EAV) for life-safety purposes. This rate may be increased to .10 percent (10 cents per $100 EAV) upon approval of a majority of the electors at a regularly scheduled election.

Section 17-2.11 also authorizes boards of education to issue bonds, without referendum, for fire prevention, safety, environmental protection, energy conservation and school security purposes. The intent of the law concerning the authority to issue bonds is to expedite the rehabilitation of buildings to meet fire prevention and safety standards, to meet environmental regulations, to reduce energy consumption, and to provide security features. (Note: School districts subject to the provisions of the Property Tax Extension Limitation Act will be required to have a referendum.)

Building and School Site Acquisition. A school district is not required to hold a referendum to purchase a building site, but there must be a favorable vote by the voters of a district before bonds may be issued or a building constructed. Expenditures for the purchase of a building site and additions to existing structures may be made from the Operations and Maintenance Fund without approval of the voters. School boards shall not accumulate monies from taxes for operations and maintenance purposes unless there is voter approval for this action (Section 17-5.1 of the School Code). A favorable referendum must be held to authorize acquisition of a residential site for a school district (Sections 19-2 and 19-3 of the School Code).

The construction of school buildings or office facilities without a referendum is permitted only when the work is paid for with funds received from the sale or disposition of other buildings or lands of the school district (subject to the provisions of Public Act 87-984 effective January 1, 1993) or with funds received from sources such as gifts or donations. However, no funds derived from bonded indebtedness or a tax levy can be used for these purposes.

School Sites and Office Facilities. A board of education may buy or lease school building sites and school offices. The purchase of such sites or office facilities may be by contract for deed, contracted for a maximum of ten years (Section 10-22.35A of the School Code). Districts may borrow funds for the purchase and/or improvement of real estate for vocational education purposes.

Revenue Bonds for Exhibition Facilities. Revenue bonds may be issued without referendum under Section 19a-2 of the School Code for buildings or stadiums constructed to be used primarily for athletic spectator sports. Section 19a-4 authorizes boards to issue bonds, after referendum, to pay existing deficiencies from exhibition facilities revenue bonds previously issued.

Tort Judgment Bonds. Illinois Revised Statutes, Chapter 85, Section 9-105, allows school districts to issue tort judgment bonds for the payment of liabilities created by a tort judgment against the district.

Insurance Reserve Bonds. Illinois Revised Statutes, Chapter 85, Section 9-105, also allows bonds to be issued without referendum for the purpose of creating a reserve for the payment of any cost, liability or loss against which a district may protect itself or self-insure pursuant to Section 9-103 of the Local Governmental and Governmental Employees Tort Immunity Act, as amended, or for the payment of which a district may levy a tax pursuant to Section 9-107 of the Act, including, without limitation, any or all tort judgments or settlements entered against or entered into by the district. Such bonds may be issued in an amount necessary to fund a reserve created for any or all of these purposes. Such reserve fund, including interest earnings reasonably anticipated thereon, must not be funded in an amount in excess of that which is reasonably required for the payment of such costs (including costs of issuance associated with bonds issued for the purpose of funding such reserve fund). Such bonds do not count against the district's statutory debt limit. Moneys on deposit in an insurance reserve fund funded from tax-exempt bond proceeds are subject to yield restriction from and after the date of issuance of the bonds, until and as such bonds are retired (Federal Arbitrage Laws).

Alternate Sources of Long-Term Borrowing

Illinois Development Finance Authority

The Illinois Industrial Development Finance Authority was created by Public Act 81-434, effective September 7, 1979. Its title was changed to the Illinois Development Finance Authority (IDFA) and its powers were broadened to include units of local government (Public Act 83-669, effective September 23, 1983; Public Act 85-1154, effective July 29, 1988; and Public Act 86-819, effective September 7, 1989). (Ill. Rev. Stat., ch. 48, par. 850.01 et seq.)

The purpose of the Act is to increase job opportunities and to retain existing jobs in "areas of critical labor surplus" in the State by making available, through the IDFA, funds for industrial, commercial, manufacturing, and public purposes projects. Generally speaking, "areas of critical labor surplus" means any reasonably defined geographic areas where 4.5% or more of the available labor force has been unemployed for at least one year.

Under the local Governmental Financing Assistance Program, IDFA issues tax-exempt securities in the municipal bond market and uses the proceeds of the sale to purchase securities from a borrowing unit of local government. Flexible, long-term rates; state tax exemption; the option to pool bond issues with similar borrowers; and the ability to finance a project through a State agency are among the benefits of the program.

General State Aid payments may be pledged to meet principal and interest payments. Rockford School District 205 is the only school district reported to have used the services of IDFA.

For additional information, contact the Illinois Development Finance Authority, 2 North LaSalle Street, Suite 980, Chicago, Illinois 60602 (312/793-5586).

Illinois Rural Bond Bank

The Illinois Rural Bond Bank (IRBB) was created by Public Act 86-927, effective July 1, 1990 (Ill. Rev. Stat. 1991, ch. 17; par. 7201-1 et seq).

The purpose of the IRBB is to provide rural (non-metropolitan) school districts and other units of local government with improved access to capital markets from which they can borrow funds at reduced interest rates and issuance costs for public improvements and other governmental purposes.

Rural units of local government are defined as all units located outside of Cook, DuPage, Kane, Lake, McHenry and Will Counties.

Eligible units are school districts, community college districts, counties, cities, villages, townships with under 25,000 population, special districts, and any other public entity falling under the Local Governmental and Governmental Employees Tort Immunity Act.

For school districts, all public purpose projects, including building bonds, fire prevention and safety bonds, refinancing bonds and working cash bonds can be financed through the Rural Bond Bank.

The Rural Bond Bank saves money for school districts and other local governments by pooling the financial needs of the participating local governments into one large Bond Bank bond issue which is sold in the national capital markets.

Interest rate savings occur because bonds of the Illinois Rural Bond Bank are backed by the moral obligation of the State of Illinois, are exempt from both Illinois and Federal income taxes and receive a high rating from Standard and Poor's.

Costs of issuance for a pooled financing are shared by all participants, and resulting savings are also shared.

Applications are simplified and procedures standardized to make the pooled financing process "user friendly" for school districts and other local governments.

The Rural Bond Bank pooled issues are regularly scheduled for closing in the months of May and December. Other special issues may be scheduled to accommodate the needs of local governments.

The Rural Bond Bank serves as a resource to school boards and administrators, counseling with them on how best to finance their needs.

For additional information, contact the Illinois Rural Bond Bank, 427 E. Monroe, Street, Suite 202, Springfield, Illinois 62701 (217/524-2663; FAX 524-0477).

Southwestern Illinois Development Authority

The Southwestern Illinois Development Authority (SIDA) was created by Public Act 85-591, effective September 20, 1987. Public Act 86-1455, effective December 12, 1990, revised financing

provisions of the Authority; units of local government, including school districts, located within the boundaries of the Authority (Madison and St. Clair Counties) are now permitted to sell bonds to/through the Authority and pledge General State Aid and other State revenues received through the State Board of Education to meet principal and interest payments (Ill. Rev. Stat. 1991, ch. 85, par. 6151 et seq.).

The functions of this Authority are similar to those of the Illinois Development Finance Authority but are limited to Madison and St. Clair Counties.

School districts in Madison and St. Clair Counties may secure additional information by contacting the Southwestern Illinois Development Authority, Landmark Bank Center, 1 East Port Plaza Drive, Collinsville, Illinois 62234 (618/345-3400).

Recording of District Revenues and Expenditures

The recording of revenues and expenditures of a school district is governed by a uniform chart of accounts promulgated by the State Board of Education. Complete information on the Illinois Program Accounting Manual for Local Education Agencies (the chart of accounts) may be obtained from the State Board of Education, Department of School Finance, Springfield (telephone: 217/782-6246).

Corporate Personal Property Replacement Funds. Corporate personal property replacement funds are collected and distributed by the Illinois Department of Revenue. Districts began receiving payments of corporate personal property replacement tax revenue in January 1980. Replacement revenues are recorded as "Payments in Lieu of Taxes" - Revenue Account Number 1230. The payment schedule for corporate personal property replacement funds is eight payments per year. The scheduled payment dates are:

January 20	July 20
March 20	August 20
April 20	October 20
May 20	December 20

Corporate personal property replacement tax (CPPRT) revenues must be applied first to the Bond and Interest Fund (for bonds issued prior to January 1, 1979) and second to the Municipal Retirement/Social Security Fund to replace tax revenues lost due to the abolition of the corporate personal property tax. Since "Medicare Only" payments were not in existence at that time, none of these taxes are required to be allocated for the "Medicare Only" portion of the Social Security payments. The bond and retirement lien percentages of the personal property replacement tax are based on the 1978 tax year collections of property taxes. Steps for computing the lien amounts for the Bond and Interest Fund and the Municipal Retirement/Social Security Fund (MRF/SS) are as follows:

1. Amount needed* for Bond and Interest payments for bonds issued prior to January 1, 1979, $_____.
2. Amount needed* for Municipal Retirement/Social Security Fund (MRF/SS) $_____.
3. 1978 Corporate Personal Property Tax Collections Divided by 1978 Total Tax Collections = 0.xx
4. Line 1 x Line 3 = Earmarked Bond and Interest Money
5. Line 2 x Line 3 = Earmarked MRF/SS Money

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* As shown in the current year's budget

After satisfying the liens for the Bond and Interest Fund and the Municipal Retirement/Social Security Fund, the corporate personal property replacement tax revenue may be deposited into any fund which receives taxes.

Tax Revenues. Upon receipt, tax revenues are to be prorated according to the tax extension into the respective account and/or fund. School districts receiving taxes under an accelerated method of tax billing should use the prior year's proration schedule. If the district is informed of the actual proration prior to July 1, then the district makes the necessary adjustments. If the district does not know the proration by July 1, the district auditor makes the necessary adjustments retroactive to June 30.

The initial distribution of taxes shall not be regarded as being only for one fund (the Educational Fund, for example); it must be prorated among all funds for which taxes were levied as explained above.

Proceeds from Sale of Property. School boards are required to use the proceeds from the sale of school sites, buildings, or other real estate to pay the principal and interest on any outstanding bonds on the property being sold. An equal amount of taxes levied for bond and interest payments must then be abated. After all such bonds have been retired, the remaining proceeds from the sale shall next be used by the school board to meet any urgent district needs as determined under Section 2-3.2 of the School Code (School building code) and Section 17-2.11 of the School Code (fire prevention, safety, energy conservation, and school security purposes) and then may be utilized for any other authorized purpose and may be deposited into any district fund (Section 5-22 of the School Code). This revenue is recorded in Account Number 1932, "Sales of Buildings and Grounds."

General State Aid. Section 18-8 of the School Code provides that General State Aid monies may be recorded into any fund from which the district is authorized to make expenditures. The revenue is recorded in Account Number 3110. General State Aid monies may not be recorded in the Working Cash Fund, as no expenditures (only loans and transfers) are permitted from the Working Cash Fund.

Supplementary State Aid. Supplementary state aid received under the provisions of Sections 18-8(A)(1)(m), 18-8(A)(5)(m), 18-8.2, 18-8.3, 18-8.4, or 18-8.5 of the School Code is recorded as revenue in Account Number 3120 in any fund from which the district is authorized to make expenditures. Such receipts (revenues) may not be recorded in the Working Cash Fund.

Privilege Tax on Mobile Homes. The revenues from the privilege tax on mobile homes are recorded in Revenue Account Number 1210. These tax monies may be recorded in any fund of the district.

Impact Fees. Impact fees (also called development fees) are charges assessed against new development that attempt to cover the cost of providing services needed to serve the development. Generally collected at the building permit stage, impact fees are a relatively new source of revenue for counties and municipalities that promote the use of impact fees as a way for growth to "pay its own way." By charging at the beginning for these new services or infrastructure needs, local officials believe this will help insure that existing residents will not have to bear the new costs. The logic behind this rationale is that existing residents have already paid or committed to pay for existing services, and each new growth area should help to pay for the new services it has specifically created.

Voluntary impact fees have been requested of developers by municipalities and school districts. School districts should record such impact fees in Revenue Account 1290, Other Payments in Lieu of Taxes.

Capital Development Board Bond Funds. In the event that school districts receive funds from the Capital Development Board for the retirement of bonds, they are to record these monies as follows:

1. The principal amount is recorded in the Bond and Interest Fund under the classification, Capital Development Board Bond Principal, Revenue Account Number 3261.

2. The debt service interest amount is recorded in the Bond and Interest Fund under the classification, Capital Development Board Bond Interest, Revenue Account Number 3262.

Handling of Selected District Expenditures

School Reform Expenditures. Expenditures from school reform revenues are recorded under the appropriate functions, i.e., the programs or areas for which the revenues are intended. Refer to Chapter 3 of the *Illinois Program Accounting Manual for Local Education Agencies* (IPAM/LEA) to determine the current functions. Examples of appropriate function numbers are:

Function 1110, Elementary Instruction for the Reading Improvement Program;

Function 1130, High School Instruction for Driver Education;

Function 1200 (series), Special Programs for Early Childhood, Preschool, and Alternative Education Programs; and

Function 2210, Improvement of Instruction Services for any programs related to improvement of instruction, such as the costs of inservice programs.

Board Payment of Employee Share of Teacher Retirement. In those instances where local boards of education have agreed to pay all or a portion of the employee contribution to the Teachers' Retirement System, the payment should be coded as an employee benefit (Object #2, *Illinois Program Accounting Manual for Local Education Agencies*). Salaries are charged to the appropriate function numbers (i.e., the function under which the employees work). Employee benefits are also charged to the appropriate function numbers.

Employee and employer contributions for early retirees must be based on the highest, rather than last, full-time annual salary during the fiscal years which were considered in determining the final rate of earnings. The employer pays any employer contributions from the same fund which is used to pay earnings to employees.

Unemployment Insurance. School districts have the option of electing a percentage contribution or a dollar-for-dollar reimbursement to the State Unemployment Insurance Program. Federal program monies may be used for their proportionate share of the contribution payment or toward building a self-insurance reserve for making reimbursement payments. Expenditures are charged to the same fund from which salaries are paid. Districts should charge expenditures to Account Number 1-231-380 in the Educational Fund; Account Number 2-254-380 in the Operations and Maintenance Fund; and Account Number 4-255-380 in the Transportation Fund. If more detailed cost allocation is desired, districts can distribute the Educational Fund costs to the proper functions. School districts may levy under tort immunity for unemployment compensation insurance purposes.

Medicare-Only Payments. Some school employees who are exempt from Social Security coverage (certified personnel covered under the Teachers' Retirement System) are covered under Medicare-Only requirements. In these instances the employer's share of benefits (1.45 percent of the first $130,200 for calendar year 1992 and $135,000 for calendar year 1993) is to be charged to the same function or functions as is the employee's salary, Object Code 214. House Bill 2630 (Public Act 84-1472), effective January 23, 1987, authorized separate levies for Municipal Retirement purposes and Social Security purposes (including Medicare Only), effective with 1987 taxes payable in 1988.

Free Meals-Social Security Payments. The Social Security Division of the State Employees Retirement System of Illinois instructions concerning the wage status of meals or lodging furnished employees are that meals furnished employees are not considered wages for social security if the meals are furnished on the school premises and the meals are furnished for the convenience of the employer.

Shelterability of Board-Paid Teacher Retirement. The Internal Revenue Service has issued two general revenue rulings under which a board of education may treat its contributions to the State Teachers' Retirement System (TRS) on behalf of its employees as excludable from gross income for federal income tax purposes. Under the rulings, board contributions to TRS are treated as excludable from gross income if the district's plan meets the following two criteria:

The board must specify that the contributions, although designated as employee contributions, are being paid by the board in lieu of contributions by the employee, and

The employee must not be given the option of choosing to receive the contributed amounts directly instead of having them paid by the employer to the pension fund.

Public Treasurers' Investment Pool

Finding a suitable place for short-term investments of small amounts of excess monies may be difficult for some school district treasurers. The Illinois Public Treasurers' Investment Pool (IPTIP) is designed to provide a convenient and economical means of investing short-term funds. The management and operation of the pool is under the supervision of the State Treasurer and is open to participation by local school districts and other governmental units.

Other features of the pool include:

- **Liquidity**. Deposits and withdrawals are made by wire transfer or check at the sole discretion of participating treasurers with no prior notification to the Pool's custodian.
- **Maximized Income**. All income is computed and credited daily. Friday deposits into the Pool earn interest for Friday, Saturday, and Sunday.
- **Daily Valuation of Assets**. All assets in the Pool are valued daily in conformance with State statutes and policies of the State Treasurer.
- **No Minimums**. There are no minimum deposit or withdrawal levels. Participants maintain full control over the flow of their assets.
- **Fees**. IPTIP pays all expenses relating to the operation of the Pool from an administrative charge of .25 percent on its assets while the Pool balance is over $500 million. When the Pool balance falls below $500 million, the administrative charge is increased to .27 percent.
- **Check Writing**. Upon the request of participating treasurers, the custodian will establish checking accounts for each IPTIP account opened. Public treasurers can use their IPTIP checks to pay bills, meet employee payrolls, or meet any other financial obligations.

As of December 8, 1992, thirty-eight ESRs and five ESCs have elected to have funds which they receive for distribution to LEAs deposited directly into IPTIP accounts. One ESR has all of its districts in IPTIP which provides for automatic flow-through of funds.

To secure additional information on participation in IPTIP, contact the Illinois State Treasurer, State of Illinois Center, 100 West Randolph, Suite 15-600, Chicago, Illinois 60601. A toll-free telephone number, 1-800-346-7414, is provided for the convenience of public treasurers.

Illinois School District Liquid Asset Fund Plus

The Illinois School District Liquid Asset Fund–Plus (ISDLAF+) is a comprehensive cash management service that was created in 1984 by the Illinois Association of School Boards, the Illinois Association of School Administrators, and the Illinois Association of School Business Officials. ISDLAF+ offers its participants two professionally managed portfolios, the Liquid Series and the MAX Series, that provide competitive money market rates. The Series' rates are earned on the pooled investments of participating public school and community college districts. Interest earnings are calculated daily on every dollar in each Series and credited to each participant's account at the end of the month. Money is deposited by wire transfer and can be withdrawn either by wire transfer (the MAX Series has a 30-day investment period) or in the case of the Liquid Series, simply by writing a check. There is no limit to the number of checks a district may write per month or the amount of each check and no prior notification is needed. Computerized or manual checks are available. The underlying portfolios of investments are managed on a day-to-day basis by a professional money manager, Dean Witter Reynolds, Inc., InterCapital Division, New York.

ISDLAF+ also provides a variety of fixed-rate/fixed-term investment alternatives. These options include: 1) $100,000 federally insured Certificates of Deposit (CDs); 2) Federally insured discount Certificates of Deposit; 3) Repurchase Agreements; 4) U.S. Treasury Securities; 5) Commercial Paper; and 6) Monthly CD pools that are fully collateralized with U.S. Treasury Securities.

In addition, ISDLAF+ provides participating school districts and community college districts with Tax Anticipation Notes and General Obligation Tax Anticipation Warrants assistance. Special features of ISDLAF+ borrowing include: 1) professional management by a large financial institution; 2) low competitive borrowing rates; 3) quoted rate covering ALL costs of issuance and borrowing (including legal opinion); 4) time frame customized to meet the needs of the borrower; 5) simplified and streamlined application documents; and 6) automatic transfer and investment of borrowed funds until they are needed.

ISDLAF+ is governed by the participants who elect 9 Trustees who are school board members, superintendents, school business managers/treasurers and chief financial officers of community colleges. The Trustees adopt policies that provide for the day-to-day operation of the Fund and its additional services and hire the professionals who deliver the services.

For further information about the operation and structure of ISDLAF+ and the options and advantages provided, call or write: Illinois ASBO, NIU, 244 Graham Hall, DeKalb, IL 60115 (815/753-1276).

State of Illinois Cooperative Purchasing Program

The Joint Purchases by Governmental Units Act (Ill. Rev. Stat., 1991, ch. 85, par. 1601 et seq) allows the cooperative purchase of personal property, supplies, and services by certain governmental

units, including school districts, under a state-organized program. As amended by Senate Bill 1944 (Public Act 87-960), effective August 28, 1992, the Act now permits any not-for-profit agency that meets certain specified requirements to participate in this program.

Joint purchasing generally results in reduced costs due to volume buying and reduced advertising costs. Along with actual dollar savings, indirect savings must also be considered. Elimination of administrative duplication in processing requisitions, evaluating bids, making awards, and testing items is an example of indirect saving. It may not be practical to purchase cooperatively all required items of a governmental unit, and not all items are available through this program. Examples of items which may be purchased cooperatively include light bulbs, office supplies, maintenance and automotive supplies, and computer hardware and supplies.

The joint purchasing program is administered by the Illinois Department of Central Management Services. Districts interested in the cooperative purchasing program should contact:

State Purchasing Agent
Office of Procurement Services
Department of Central Management Services
801 Stratton Building
Springfield, Illinois 62706
217/782-2301

School District Contracts

All contracts awarded by school districts must be in compliance with the provisions of Section 10-20.21 of the School Code. This section requires that all contracts in excess of $10,000 shall be awarded to the lowest responsible bidder as determined by the competitive bidding process, except for contracts which are excepted from the competitive bidding requirement. Section 10-20.21 also contains requirements for sealed bids, public bid openings, and advertisement and notice to bidders.

Contracts must be issued to the lowest responsible bidder "considering conformity with specifications, terms of delivery, quality and serviceability."

Fourteen specific types of contracts are excepted from the requirements:

1. Contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part;

2. Contracts for the printing of finance committee reports and departmental reports;

3. Contracts for the printing or engraving of bonds, tax warrants and other evidences of indebtedness;

4. Contracts for the purchase of perishable foods and perishable beverages;

5. Contracts for materials and work which have been awarded to the lowest responsible bidder after due advertisement, but due to unforeseen revisions, not the fault of the contractor for materials and work, must be revised causing expenditures not in excess of 10% of the contract price;

6. Contracts for the maintenance or servicing of, or provision of repair parts for, equipment which are made with the manufacturer or authorized service agent of that equipment where the provision of parts, maintenance, or servicing can best be performed by the manufacturer or authorized service agent;

7. Purchases and contracts for the use, purchase, delivery, movement, or installation of data processing equipment, software, or services and telecommunications and interconnect equipment, software, and services;

8. Contracts for duplicating machines and supplies;

9. Contracts for the purchase of natural gas where the cost is less than that offered by a public utility;

10. Purchases of equipment previously owned by some entity other than the district itself;

11. Contracts for repair, maintenance, remodeling, renovation, or construction of a single project involving an expenditure not to exceed $20,000 and not involving a change or increase in the size, type, or extent of an existing facility;

12. Contracts for goods or services procured from another governmental agency;

13. Contracts for goods or services which are economically procurable from only one source, such as for the purchase of magazines, books, periodicals, pamphlets and reports and for utility services such as water, light, heat, telephone or telegraph; and

14. Where funds are expended in an emergency and such emergency expenditure is approved by 3/4 of the members of the board.

Indirect Costs

Indirect costs (frequently called overhead costs in the private sector) are costs of a general nature incurred for the benefit of several activities (programs, grants, or contracts). These are costs that are widespread and cannot be readily identified with only one activity, but that benefit several activities for a common or joint purpose. Indirect costs include costs for supporting services such as purchasing, budgeting, payroll, accounting, data processing, and staff services.

Direct costs are those costs that are readily and specifically identified as costs for a particular activity and chargeable to a certain area or program. Direct costs include salaries, employee benefits, and all other direct program cost expenses (but exclude distorting expenses such as capital outlay and debt retirement).

Rather than trying to allocate the various indirect costs to the applicable programs, grants or contracts, an indirect cost rate can be used to charge these general expenses to the various activities. The indirect cost rate is the ratio of the district's total indirect costs to the total direct costs. This rate (computed as a percentage) can then be used to determine the indirect costs applicable to a particular program, grant, or contract.

There are two types of indirect cost rates--a restricted indirect cost rate and an unrestricted indirect cost rate. Their uses are determined by applicable state or federal law, but in general:

> A restricted rate is applied to programs that only supplement and do not supplant or replace local efforts. This rate contains indirect costs primarily related to administration and business support functions. Unrestricted rates apply to other federal programs which do not contain supplanting assurances.

The amount of indirect costs to be borne by a program is determined by multiplying the appropriate indirect cost rate by the direct costs charged to the program.

Indirect cost rates must be calculated by the Illinois State Board of Education under United States Department of Education (DOE) guidelines. The rate is based on applicable expenditures from the school districts' Annual Financial Report. Sample restricted and unrestricted indirect cost computations are shown in Appendix G. Instructions are included in Appendix H.

Per Capita Tuition Charge and Operating Expense Statistics

The per capita tuition charge represents expenditures by a local district from funds received from local property taxes, Common School Fund monies, Education Assistance Fund monies, and federal impact aid plus allowances for depreciation. This is the amount a district charges as tuition to nonresident pupils. Section 18-3 of the School Code defines the procedures for computation of the per capita tuition charge. It is computed by deducting revenues for State categorical programs, local user fees, and federal receipts and by adding a depreciation allowance to the allowable operating expenses. A sample per capita tuition charge computation is shown in Appendix I.

The formula for computing the per capita tuition cost of children attending special education classes in another district (Section 14-7.01 of the School Code) provides that the net cost of conducting and maintaining any special education facility shall be divided by the average number of pupils in average daily enrollment in lieu of average daily attendance.

The operating expense per pupil represents the total operating cost of a local district except for non-regular K-12 program expenses. Non-regular program expenses include those for adult education, summer school, and capital expenditures. The statistics are computed annually from information contained in a district's Annual Financial Report. Per pupil cost is obtained by dividing the allowable expenditures by the average daily attendance for the regular school year. A sample of the operating expense per pupil computation is shown in Appendix I.

Table 6 in the Overview provides a five-year comparison of average per Capita Tuition Charges and Operating Expenses per Pupil by type of district and for Chicago School District 299.

Business Official Certification

Section 10-22.23a of the School Code empowers school boards to employ a chief school business official. Any chief school business official first employed on or after July 1, 1977, is to be certified under Section 21-7.1. Experience as a school business official in an Illinois public school district prior to July 1, 1977, is deemed the equivalent of certification.

Educational Service Centers

The 1985 school reform legislation authorized the establishment of 18 Educational Service Centers to coordinate and combine existing services including gifted education, computer technology, mathematics, science, and reading resources.

Educational Service Centers are not joint agreements. They have a fiscal year that begins September 1 and ends August 31. The Centers have their own budget form (Form ISBE 54-16) and their own annual financial report form (Form ISBE 54-17).

Program-related questions should be directed to the School Improvement Planning and Assistance Section, Illinois State Board of Education, Springfield (telephone: 217/782-2826).

Vocational Education Regional Delivery Systems

Sixty-one Vocational Education Regional Delivery Systems have been established throughout the State. The fiscal years for these systems is July 1 through June 30. They use joint agreement budget forms (Form ISBE 50-34) and annual financial report forms (Form ISBE 50-60).

Program-related questions should be directed to the Department of Adult, Vocational and Technical Education, Illinois State Board of Education, Springfield (telephone: 217/782-4870).

Retention and Destruction of School Records

Under the authority of the local Records Act (Ill. Rev. Stat. 1991, ch. 116, par. 43.101 et seq.), all local government agencies must make application to the appropriate Local Records Commission prior to the destruction of any local government records. An

Application for Authority to Dispose of Local Records (Form LR 26.4 for Cook County and Form RM/M RM-9 for all other counties) is prepared for the agency by the staff of the State Archives and is then submitted to the appropriate Commission for review. When the application is approved, a minimum retention period will be listed (under recommendations) for each record maintained by the school district.

The Local Records Commission of Cook County meets the second Tuesday of each month in Chicago in the County Building, and the Local Records Commission meets the first Tuesday of each month in Springfield in the State Archives Building.

If a school district does not have an approved Application for Authority to Dispose of Local Records or needs to add records to its current application, the school district should contact the Illinois State Archives, Records Management Section, Local Records Unit, State Archives Building, Springfield, Illinois 62756. School districts in Cook County may contact the Local Records Unit at 217/782-7076, and school districts in all other counties may contact the Local Records Unit at 217/782-7075.

Illinois Local Records Act

The retention and destruction of all school records is governed by the Local Records Act. The Local Records Commissions do not publish retention schedules. With the assistance of the school district, field representatives of the Local Records Unit conduct records inventories. After the inventory has been completed, the field representative prepares the Application for Authority to Dispose of Local Records and submits the Application to the Local Records Unit for review. The staff of the Local Records Unit located in Springfield type the applications for both commissions.

After the appropriate Local Records Commission has reviewed the application, the school district will be notified of the Commission's decision. If the application is approved, a copy is sent to the school district along with a blank Records Disposal Certificate (Form LR-4.8) and an instruction sheet for completing the disposal certificate.

The purpose of the Records Disposal Certificate is to request the disposal of specific records for which a retention period has been established in the school district's Application for Authority to Dispose of Local Records. Under the Illinois Administrative Code, school districts are required to submit the Records Disposal Certificate sixty (60) days prior to the proposed disposal date. The Disposal Certificate will be reviewed to determine if the retention requirements of the Application for Authority to Dispose of Local Records have been met. After the disposal certificate has been reviewed in Springfield, the school district will be sent a letter stating whether all the records requested for disposal have been approved for disposal. The disposal certificate will also be reviewed by the Illinois Regional Archives Depository (IRAD) Unit to determine if there are historical records listed on the disposal certificate which the State Archives may be interested in transferring to one of the IRAD depositories.

Microfilming

If original paper records are to be destroyed and/or if the school district intends to use microfilms as substitutes for the originals, an Application for Authority to Dispose of Local Records must be secured from the appropriate Local Records Commission.

If a school district intends to use microfilms as substitutes for original records, the school district should write or call the Local Records Unit to obtain a copy of the rules and regulations of the appropriate Local Records Commission regarding microfilming of records.

Statutory Retentions and Student Records

The Attorney General of Illinois issued an opinion (File No. 83-018) on October 7, 1983, stating in part "...before destroying any temporary or permanent student record, or information contained therein, the school district must obtain the written approval of the appropriate local records commission before destroying or otherwise disposing of such records."

The retention periods approved by the Local Records Commission reflect provisions of any applicable laws including the Student Records Act.

All questions concerning the Local Records Act should be directed to the Illinois State Archives, Records Unit, State Archives Building, Springfield, Illinois 62756, (217) 782-7075.

Prevailing Wages

The Prevailing Wage Act, (Ill. Rev. Stat. 1991, ch. 48, par. 39s-1 et seq.) requires each public body, during the month of June of each calendar year, to investigate and ascertain the prevailing rate of wages as defined in the Act and publicly post or keep it available for inspection by any interested party. The public officials can conduct their own investigation, or they can request the Illinois Department of Labor to determine the wage rates.

The Department of Labor keeps a current list of the different classes of workers' crafts along with overtime rates and fringe benefits for each of the one hundred and two (102) counties of the state, and this information is available upon request to a public body or any interested citizen.

After the public body passes an ordinance or resolution establishing the prevailing rates for its area, it shall promptly file a certified copy with the Secretary of State at Springfield. Within thirty (30) days after filing with the Secretary of State, the public body must publish in a newspaper of general circulation within the area a notice of its determination. Such public body shall specify in the resolution or ordinance and in the call for bids for the contract that the general prevailing rates of wages in the locality shall be paid for each craft or type of workman or mechanic needed to execute the contract or perform such work. The public body awarding the contract shall cause to be inserted in the contract a stipulation to the effect that no less than the prevailing rates of wages as found

by the public body or Department of Labor or determined by the court on review shall be paid to all laborers, workmen, and mechanics performing work on contract. It shall also require in all such contractor's bonds that the contractor include such provisions as will guarantee the faithful performance of such prevailing wage clause as provided in the contract.

The Department of Labor will assist school district officials in establishing the proper prevailing rates within their areas. The Department has available individual brochures on each of the counties in the State. The prevailing wage determination or brochure may be obtained without charge by writing the Conciliation and Mediation Division, Illinois Department of Labor, One West Old State Capitol Plaza, Room 300, Springfield, Illinois 62701. On request, school districts will be placed on a mailing list to receive updated information.

The Department will review compliance of each public body with the time requirements and other provisions of this law. Any public body which is not in compliance may be subject to enforcement action by the Department as allowed in the Act.

A "Model Resolution" that can be used in the determination of prevailing wages is included in Informational Bulletin 93-1, August, 1992.

Compliance with the Illinois Prevailing Wage Act is not a substitute for compliance with the federal requirements for prevailing wage determinations under the Davis-Bacon Act (40 U.S.C.A. 276a), as applied to education programs involving federal funds under the General Education Provisions Act (20 U.S.C.A. 1232b). When federal funds are involved, the prevailing wage used is that wage determined by the U.S. Department of Labor, which at any point in time may not be the same as the Illinois Department of Labor determination, since IDOL and USDOL may not survey at the same times, may survey differently, or may use different adjustment factors.

The Illinois Prevailing Wage Act applies to all covered projects under the control of the school district regardless of the source of funds (private funds, foundation funds, etc.). If federal funds are to be used, a resolution different from the form in Informational Bulletin 93-1 will be required adopting the USDOL prevailing wage in order to maintain compliance with the Illinois Prevailing Wage Act.

Accounting and Finance Information

Additional information concerning accounting, finance, budget and indebtedness provisions for Illinois school districts can be obtained from the Finance Section, Department of School Finance, Illinois State Board of Education, Springfield (telephone: 217/782-6246).

CHAPTER VI

School Finance and Emerging Issues

Financially Troubled School Districts

Monitoring Financially Troubled School Districts

In 1981 the General Assembly added Section 1A-8 to the School Code. This gave the State Board of Education the responsibility to monitor the financial health of all public school districts. In subsequent years the monitoring effort evolved and matured.

- Beginning in Fiscal Year 1985, based on the prior year's Annual Financial Report, all districts whose Operating Fund Balances to Revenues Ratio was -10% or lower were contacted by letter to point out that the district had a potential for financial difficulty and were offered technical assistance to avoid the need for certification as "in financial difficulty."

- Beginning in Fiscal Year 1988, all districts whose Operating Fund Balances to Revenues Ratio was +5% or less, based on the prior year's Annual Financial Report, were notified and the names of those districts were released to the media, strengthening the impact of that notification. This list of names has been termed the Financial Watch List.

- In December 1988, the State Board of Education took the unprecedented step of certifying 8 school districts as "in financial difficulty," thereby fully implementing the provisions of Section 1A-8 of the School Code. During that fiscal year 8 more districts were certified to bring the total for the fiscal year to 16.

- A total of 28 school districts have been certified up to March 1992. To complete the cycle, 9 districts have improved their financial condition and have been "decertified" and 7 districts have either reorganized or have dissolved. This leaves 12 school districts currently on the list of certified districts.

- Based upon the 1991 Annual Financial Reports there were 116 school districts on the Financial Watch List. During its 1992 session, the General Assembly recognized the existence of the Financial Watch List by referring to it in a revision of Section 1A-8.

The next few sections of this publication describe in more depth the progressive monitoring efforts of the Department of School Finance at the direction of the State Board of Education.

Appendix K is a sample worksheet (Financial Watch Calculation Method) used to identify school districts to be included on the Financial Watch List.

Fiscal Year 1993 State Board of Education Financial Monitoring Efforts

Introduction

Through a two-tiered approach, the State Board of Education attempts to assist districts to avoid financial crises. First, the State Board has developed a warning device that indicates emerging problems. That device is commonly referred to as the "Financial Watch List." The second, and more serious, step is the process of certifying districts as being "in financial difficulty."

Goals

The financial monitoring efforts of the State Board of Education are directed toward the following goals:

- Encouraging all districts to engage voluntarily in multiyear financial planning directed toward maintaining or achieving a financially healthy district.

- Alerting districts with emerging difficulties to the importance of addressing such problems.

- Encouraging districts which exhibit persistent difficulties to take demonstrable actions to regain financial stability.

- Guiding and assisting districts which are formally certified as "in financial difficulty" to develop a viable long-term financial plan.

- Assisting districts in the responsible use of budgeting and other financial tools and mechanisms.

- Assisting districts in the areas of budget development, cost control, and revenue projections.

- Providing timely comparative and general information to assist districts with financial planning.

- Improving the measures used to identify the emerging financial difficulty of districts.

Measuring Financial Difficulty

In developing the Financial Watch List, State Board staff have largely relied on a single measure of financial health. The measure employed is a ratio of year-end operating fund balances to the annual revenue in the operating funds. Specifically, the ratio divides the sum of the fund balances in the Educational, Operations and Maintenance, Transportation, and Working Cash Funds

by the sum of the annual revenues of these funds. The ratio is measured on a cash accounting basis. Data for districts reporting on a modified accrual basis are converted to a cash basis. This measure can be called an "operating fund balances ratio."

State Board staff place a district on the Financial Watch List when the district's operating fund balances ratio is 5% or less. This includes all districts with a negative ratio. Any violation of one or more of the criteria specified in Section 1A-8 of the School Code will result in a district being placed on the Financial Watch List.

This approach is not a perfect model for identifying or predicting financial difficulty. Dependent on the underlying relationship between annual revenues and expenditures, some districts placed on the watch list may have little potential for financial problems. Similarly, districts headed toward significant problems in the future may not meet the 5% or less ratio threshold for a given year because of engaging in converting short-term debt to long-term debt. An additional difficulty with this measure are the reliance on data which are aged (generally six months or more) when they are available to the Illinois State Board of Education.

Despite imperfections, State Board staff believe the operating fund balances ratio is generally reflective of emerging financial difficulty. Districts with negative fund balances ratios over a two-year period are dependent on continued short-term borrowing to operate. Districts with low positive ratios are, at a minimum, likely to experience cash-flow problems.

The operating fund balances ratio measure utilized by the Illinois State Board of Education is not one of the eight criteria in Section 1A-8 of the School Code used to determine whether a school district is subject to State Board financial certification. There is, however, an interrelationship between the ratio and three of these criteria, particularly when a district exhibits a negative ratio. Districts which have a low or negative operating fund balances ratio have experienced or will be likely to experience two or more consecutive years in which expenditures exceed revenues and fund reserves; have issued a second (tax) year's anticipation warrants while current (tax) year warrants remain outstanding, or have issued teachers' orders. These three criteria (of the eight in Section 1A-8) are the factors which will probably be most applicable to financial certification actions.

Financial Watch Not Mismanagement

The Illinois districts exhibiting financial difficulty, generally speaking, have problems attributable to static or declining local property values, unpredictable and insufficient state financial support, and an unwillingness on the part of local taxpayers to support local tax increases. A wide range of short-term financing mechanisms, readily accessible to most districts, serve to encourage districts to borrow in hopes of a brighter revenue picture.

In general, districts with financial difficulties have developed problems over a number of years, not in a single year. Most such districts have spent with restraint, but have spent more than the revenues available. Deficit budgets are neither illegal nor unexpected and will likely be experienced, at least periodically, by even the most well-managed school district.

Though perhaps guilty of too much faith in the future, school districts generally have been both cost and quality conscious. Districts have attempted to maintain program quality at the expense of balancing the budget and in hopes that the revenue picture in the future would be brighter. As the short-term indebtedness of a district grows, however, expenditure adjustments become inevitable.

A Progressive Approach to Financial Difficulties

Consistent with the goals articulated earlier, the Illinois State Board of Education will utilize a progressive approach in its financial monitoring efforts and the related communications with districts. A primary emphasis is placed on encouraging districts to undertake voluntary actions designed to avert financial certification. Districts which begin to exhibit a pattern of financial concern should be provided "early notice" and encouraged to address emerging problems. Districts which continue to show signs of financial ill-health, despite early notice, should be given stronger encouragement. This pattern, if steps are not taken to avoid such action, would lead to consideration for certification as being "in financial difficulty." This final step carries with it certain statutory requirements that must be met by districts. Noncompliance would lead to the inability to borrow funds to operate.

Perhaps the most important consideration in determining whether certification is required is the relative degree of financial difficulty of a district. A district with a small (e.g., 1%) negative operating fund balances ratio and a minimal reliance on short-term borrowing is in less financial difficulty than a district which must exhaust two years of short-term borrowing potential to meet a current-year payroll. A district which has a surplus of revenues over expenditures for the current year and a relatively low level of short-term debt, despite existing negative fund balances, is generally in better shape than a district whose current budget continues to add to existing short-term debt.

A progressive financial monitoring approach should consider factors such as these in financial certification decisions while remaining consistent with statutory intent. Outlined in the sections which follow are the descriptive categories the State Board of Education believes most appropriate to its overall monitoring effort.

Financial Watch List

Districts identified for the Financial Watch List are those exhibiting a ratio of operating fund balances to operating revenues of 5% or less. For purposes of this ratio, the fund balances and revenues of the Educational, Operations and Maintenance, Transportation, and Working Cash Funds are considered. Ratios of 5% or less include all negative ratios. Additionally, districts which have violated criteria specified in Section 1A-8 of the School Code will be placed on the Financial Watch List.

Districts identified for the watch list will be addressed in different ways, dependent upon district-specific information and factors. These factors will include the length of time the district has been on the watch list, the extent to which a district's financial status has changed, the magnitude of the district's operating fund balances ratio, and whether the district's short-term borrowing meets the criteria associated with financial certification under Section 1A-8.

Watch List Removal - Districts on a prior year's watch list who achieve an operating fund balance ratio for the most recent data year of greater than 5% will be removed from the watch list. Similarly, districts previously on the list showing a second consecutive year below 5% but above zero will be removed from the list. Districts so removed would be returned to the list in subsequent years if the ratio falls below zero.

Initial Year Listing - Districts added to the watch list for the first time and not meeting any of the criteria for certification under Section 1A-8 will receive an "initial watch" letter. The letter will outline the financial watch effort and encourage the districts to take steps to improve their financial condition.

Continued Watch - Districts on the watch list from a prior year which have a moderate negative ratio for the current year will be viewed as on continued watch. These districts will be asked to provide a written report updating current-year financial status, with a specific emphasis on recent financial actions and steps being considered for the coming fiscal year. Districts with two consecutive years of negative ratios and a current-year ratio of negative 10% or worse will be classified for financial status review.

Financial Status Review - Districts with indications of more serious or persistent financial problems will be requested to participate in a financial status review effort. Included in this review will be districts on the watch list for two or more years with negative ratios and a current-year ratio of negative 10% or worse. Financial review would also apply to any district which has issued teachers' orders, has issued a second (tax) year's warrants while current year (tax) warrants remain outstanding, or has an operating fund balances ratio for the most recent fiscal year of negative 20% or worse.

Financial Status Review Process - Those districts on the Financial Watch List meeting the conditions for review, as outlined above, will be requested by the State Board to participate in a financial status review.

The review effort would include correspondence and, as appropriate, a review meeting between district personnel and staff of the State Board. The primary purposes of the review will be 1) to determine if the district meets the criteria for financial certification under Section 1A-8 and 2) to determine if the district has taken steps or faces conditions which will obviate the basis for certification. The review process will consider information about the district's current-year budget and review specific actions proposed and taken by the district to address its financial status. The factors which bear on whether state certification appears to be an appropriate action include:

- the relationship between revenues and expenditures in the district's budget;
- the nature and magnitude of the district's short-term borrowing and the financial impact on the district's operating budget of the interest costs associated with short-term borrowing;
- the nature and magnitude of long-term debt to meet short-range (current) expenditures;
- whether the district is pending consolidation, annexation, or dissolution to be effective with the next school year;
- whether the district is currently operating under a multi-year plan which is consistent with eliminating the financial problems being experienced; and
- whether a condition exists (such as referenda passage) which will change the current budget's shortcomings.

A summary of the results of the review process will be developed by staff of the State Board. Staff recommendations, including a certification recommendation as applicable, along with any action steps mutually agreed upon by the State Board and the district will be forwarded to the State Superintendent and the district. The district, at its discretion, may address written comments to the State Superintendent concerning this summary and the associated recommendations of the State Board staff.

Financial Certification

Districts meeting one or more of the criteria in Section 1A-8 of the School Code may be subject to certification as being "in financial difficulty" by the State Board of Education. This certification is formal action by the State Board. Certification requires a district, subject to State Board guidance, to develop and adhere to a multi-year financial plan. Staff of the State Board monitor the implementation of the district's plan.

The financial plan required by certification action is compulsory. The financial plan, however, is the property of the district, not of the State Board of Education. Staff of the State Board provide the district with broad guidance concerning the format and financial targets for the plan. The school district develops the specific components of the plan and maintains all responsibility for setting district priorities. The day-to-day financial and programmatic activities and responsibilities of the district are not altered by certification action.

A district financially certified by the State Board must submit a plan within 45 days from the certification date. State Board staff provide the guidelines for plan development within 14 days of certification.

To the extent that resources permit, and as requested by a district, staff of the State Board will provide technical assistance to a financially certified district. The intent of the State Board is to make the planning process a mutually cooperative and successful effort.

Removal from "Certified" Status

A district may be removed from certified status or "decertified" if the conditions which placed it "in financial difficulty" are removed. The following criteria are applied as general guidelines for "decertification" of a district.

A local school board must present a petition for decertification to the Illinois State Board of Education. This petition must assure the financial compliance and stability of the petitioner. The petitioner may be asked to supply such information and additional assurances as the State Board of Education may require.

The criteria for "decertification" from Section 1A-8 of the School Code are as follow:

1. The petitioner has received State Board approval of a multi-year (two-year minimum) financial plan that demonstrates district stability and positive financial bases.

2. The current-year budget, as adopted by the petitioner and submitted to the State Board, is balanced exclusive of all fund balance reserves and reflects a positive combined Educational, Operations and Maintenance, Transportation, and Working Cash Funds balance.

3. The two most recently audited Annual Financial Statements reflect a combined positive fund balance for the Educational, Operations and Maintenance, Transportation, and Working Cash Funds.

4. No violation of Section 1A-8 criteria has occurred during the current school year.

5. Assurances are provided that the petitioner's financial plan will not cause the district to be in violation of the educational requirements promulgated by the State Board of Education.

Seven districts were removed from the list of certified districts in Fiscal Year 1991; three districts were formally removed from certified status and four were removed because they had reorganized with one or more other districts. It is anticipated that four more districts will be formally removed from the certified list in Fiscal Year 1993.

Information/Questions

Questions concerning the financial monitoring efforts of the State Board can be directed to Gary Ey, Assistant Superintendent, Department of School Finance, 100 North First Street, Springfield, Illinois 62777-0001. Telephone (217) 782-2098.

Short-Term Debt

Table 10 provides a summary of the use of short-term debt by school districts from 1986-87 through 1990-91. The number of districts issuing short-term debt increased from 1986-87 through 1987-88 and declined through 1990-91. The amount of short-term debt issued increased from $140,788,730 in 1986-87 $218,126,749 in 1987-88 (+54.93%), declined to $166,173,810 in 1988-89 (-23.82%), declined again to $133,645,720 in 1989-90 (-19.57%), and to $132,491,898 in 1990-91 (-0.86%).

Illinois Financial Accounting Committee

More adequate school financing and improved school district management are two of the specific goals of the Illinois State Board of Education. One of the advisory committees appointed by the State Superintendent of Education to deal with and assist in fulfilling these goals is the Illinois Financial Accounting Committee.

This committee has been charged with improving school district financial procedures and reviewing proposed and existing legislation affecting school district financial affairs. Section 2-3.27 of the School Code requires the Illinois State Board of Education to formulate and approve forms, procedures and regulations for school district accounts and budgets; to advise and assist the officers of any district in respect to budgeting and accounting practices; and to confer with various district, region, and State officials. The Illinois Financial Accounting Committee functions to aid the Illinois State Board of Education in achieving these goals.

Mission Statement

The State Board of Education is striving for an equitable distribution of resources to Illinois public schools to provide adequate support for high-quality educational programs. Efforts are being made to improve the management of the public schools at the state and local levels. In connection therewith, the Illinois Financial Accounting Committee provides assistance to the State Superintendent of Education.

The Illinois Financial Accounting Committee shall endeavor to improve the efficiency and effectiveness of school business management at the state and local levels through various means, such as position papers, research and analysis, resolutions, and general and specific recommendations. The Committee shall review and propose legislation dealing with school finance and school business management practices.

The Illinois Financial Accounting Committee adopts as its goals:

- Participating in the professional development of school administrators charged with the responsibility of managing the financial affairs of school districts.

TABLE 10

Summary of School District Short-Term Debt

Debt Instrument Issued	1986-1987	1987-1988	1988-1989	1989-1990	1990-1991
Tax Anticipation Warrants					
No. of Districts	205	240	220	169	151
Amount	$ 72,205,466	$108,678,949	$ 92,054,223	$ 77,140,158	$70,999,477
Tax Anticipation Notes					
No. of Districts	26	37	31	27	33
Amount	$63,019,222	$77,200,000	$55,948,000	$37,266,820	$49,611,180
Teachers' Orders					
No. of Districts	12	22	16	23	14
Amount	$5,102,866	$29,919,800	$14,127,366	$15,300,742	$11,881,241
General State Aid Anticipation Certificates					
No. of Districts	1	3	3	3	–
Amount	$440,000	$2,328,000	$3,223,300	$3,938,000	
Corporate Personal Property Replacement Tax Notes					
No. of Districts	1	–	1	–	–
Amount	$21,176	–	$820,921	–	–
All Short-Term Debt Instruments					
No. of Districts*	245	302	274	222	198
Amount	$140,788,730	$218,126,749	$166,173,810	$133,645,720	$132,491,898

* Some districts are counted more than once if they have used 2 or more forms of short-term debt instruments.

- Advising the Department of School Finance of the Illinois State Board of Education, of problems related to school finance–budgeting, accounting, financial reporting, business management, and legislation needing clarification or study.

- Providing opportunities for accountants, attorneys, auditors, professors, school administrators, township treasurers, and State government personnel to discuss school financial management issues.

- Facilitating the exchange of information about school financial management issues by providing workshop and conference speakers and preparing and editing written materials.

The committee shall adopt annually an agenda developed by the Executive Committee which will be presented to the State Superintendent of Education. Concluding each committee year, the Executive Committee shall report the activities of that year to the State Superintendent of Education.

Fiscal Year 1993 Issues

Issues selected for study by the Illinois Financial Accounting Committee for Fiscal Year 1993.

1. Fire Prevention and Safety Funding and Administration. Senate Bill 1652, Public Act 87-984, is effective January 1, 1993.
   a. New rules and regulations will have to be developed (in process).
   b. Revisions to the Illinois Program Accounting Manual (IPAM) will be required (in process).
2. Automation/Computerized Reporting
   a. The Fiscal Year 1993 budget includes $180,000 for RFPs on development of financial systems.
   b. Terry Chamberlain, Data Systems Supervisor, has responsibility for this area.
3. School Districts in Financial Difficulty
   a. Procedures to be followed in Fiscal Year 1993
   b. Revisions of special letter on the results when the Working Cash Fund is excluded from the calculation
4. Inservice Training
   a. Joint efforts by ISBE, IASA, IASB, and IASBO
   b. Insure good advice and counseling is provided to
      (1) School board members
      (2) School district administrators
5. Publications
   a. Financial Accounting Manual for ESRs
   b. Revisions to Illinois Program Accounting Manual (IPAM)
   c. Guide to School Finance (similar to the Taxpayers Federation of Illinois publication of 1986)
   d. Revision of Preparing for Local Education Agency Audits
6. Property Tax Issues
   a. Extension of Property Tax Extension Limitation Act provisions to other counties
   b. Property tax cycle
   c. Property tax relief
7. IFAC Review of and Reactions to:
   a. Preliminary Report of the Task Force on School Finance
   b. Constitutional Amendment on the funding of education
   c. The lawsuit challenging how schools are funded in Illinois

Dr. Calvin C. Jackson, Superintendent, Prairie Central CUSD 8 is the 1992-1993 committee chairperson; Dr. James J. Doglio, Superintendent, Auburn CUSD 10 is the committee vice chairperson. Dr. Louis D. Audi, Staff Assistant, Department of School Finance, Illinois State Board of Education, is the committee secretary.

Task Force on School Finance

Purpose of the Task Force

House Joint Resolution 18 of the 86th General Assembly provided for the establishment of a task force on school finance. Senate Joint Resolution 1 of the 87th General Assembly continued the work of the Task Force and increased its membership. The Task Force was established "to determine the inequities of the current method of funding elementary and secondary education and to devise a new plan which shall ensure adequate State funding for all school districts in Illinois at a greater level than the present system provides."

To carry out this charge, the Task Force began with an examination of many aspects of school finance in Illinois. It was the intent of the Task Force to accept testimony and study current methods of financing schools. After much review and deliberation, the Task Force made specific recommendations regarding funding for Illinois' public school districts.

The main sections contained in the report are:

Section 1	Problems Confronting Elementary and Secondary Education
Section 2	The Work of the Task Force
Section 3	Recommendations
Section 4	Supplemental Comments (Exceptions to the "Recommendations" by individual Task Force members)

The material which follows was extracted from Section 3, "Recommendations," of the Report of the Illinois Task Force on School Finance, January, 1993.

(Copies of the report may be obtained by contacting the Illinois State Board of Education at 217/782-5596.)

Recommendations

Education is the responsibility of the State. The State must financially support an adequate educational program for all students. This support includes not only the adequate teaching but also the safe and appropriate housing of students at all grade levels. The State must take whatever steps are necessary to adequately support the education of its student population.

The following recommendations are presented as a system of school funding, the individual components of which are interrelated. It is imperative that these recommendations not be modified independently of the other components. Any change in one recommendation without corresponding changes in others may adversely affect the outcome when implemented.

Funding of the Proposed System

It is recommended that the school finance system proposed in this report not proceed without adequate funding to implement the entire five-year phase-in.

Adequacy

One of the primary goals of the Task Force is to recommend a system of financing elementary and secondary education at a level sufficient to fund an adequate education program. It is recommended that the methodology developed by the State Board of Education be adopted and the cost figures associated with the regular elementary cost of an adequate education be used as the foundation level in the General State Aid formula. The calculated per pupil support level is $3,898. It is further recommended that the adequacy level be recalculated after five years and periodically thereafter.

Regional Cost Adjustment

The Task Force realizes that the costs of providing services vary greatly in different parts of the state. For this reason, regional cost differences should be recognized. The index recommended is a modified version of the county-level index developed at the University of Illinois by Professor Walter McMahon.

The index should be modified by collapsing the range to a low of 90 and a high of 110. The formulation for the collapsed index is:

$$\text{Collapsed Index} = \frac{\text{McMahon Index} - 70.42}{2.1985} + 90$$

This calculation is then rounded to the nearest whole number. The collapsed McMahon index appears as Appendix H. It is further recommended that the McMahon Index be recalculated every five years.

The General State Aid foundation level should be multiplied by the index to adjust for regional cost differences.

Equity

Generally, the recommended approach of the Task Force is to "level up." Leveling up is defined to mean reducing overall variation by increasing the expenditure/revenue per student at the lower end of the distribution.

The Task Force recommends that the variation in per pupil revenues be reduced. This will be accomplished through various means as described in the remainder of this report.

Student equity should be statistically evaluated using unrestricted revenue (GSA + EAV x OTR + CPPRR) per pupil as the object to be measured. This object should be adjusted by the regional cost index defined above.

The McLoone index and ratio of 95th to 5th percentile should be the statistical measures used for evaluation purposes. The McLoone index is defined as the ratio of the total number of dollars for pupils below the median revenue per pupil to the number of dollars required if all pupils below the median were at the median revenue per pupil.

The equity goal for all district types is a McLoone Index of 1.0. A secondary equity goal for all district types is a ratio of 95th to the 5th percentile of 1.5.

Property Tax Base

After careful examination of alternatives available to it, the Task Force makes no recommendation with regard to sharing or restructuring the property tax base for the purposes of levying or collecting property taxes or distributing General State Aid.

Tax Structure

The Task Force recommends the introduction of a permissive taxing authority for general capital outlay. This permissive authority is recommended at .05% for elementary and high school districts and .10% for unit districts.

It is also recommended that the system of permissive taxation be restructured. The following table gives current and recommended permissive structures by type of district.

SCHOOL DISTRICT TAX RATE LIMITATIONS
Current Limits Compared to Recommended Limits
Chicago not Included

Purpose	Elementary Curr.	Elementary Rec.	High School Curr.	High School Rec.	Unit Curr.	Unit Rec.
Education	.92	1.55	.92	.92	1.84	2.47
Working Cash	.05	.05	.05	.05	.05	.10
Special Education	.02	.02	.02	.02	.04	.04
Oper./Main.	.25	.40	.25	.25	.50	.65
Fire/Life Safety	.05	.05	.05	.05	.05	.10
Transportation	.12	.12	.12	.12	.20	.24
Capital Outlay	—	.05	—	.05	—	.10
TOTAL	**1.41**	**2.24**	**1.41**	**1.46**	**2.68**	**3.70**

It is intended that any district with current taxing authority (permissive or referendum approved) below the recommended levels be allowed to tax at this new rate by local board resolution without referendum. As an example, if an elementary district currently has a 1.25% education rate (.92% permissive and .33% approved by referendum), the district would be allowed, without referendum, to raise its education rate to 1.55%. Any tax rate above 1.55% would require voter approval. If a district is already at or above the recommended levels, there would be no impact. A comparison of Chicago District #299 tax rates to other districts appears as Appendix I.

The increased permissive taxing authority in elementary and unit districts for education, operations and maintenance purposes and working cash purposes should be phased-in over a five-year period. The increased unit authority for fire/life safety purposes and the new authority for capital outlay for all district types should be implemented immediately. A timetable of the suggested phase-in follows.

Corporate Personal Property Replacement Revenue

The Task Force recommends no change in the method of distribution of corporate personal property replacement revenues to local school districts. The CPPRR should continue to be collected and distributed as is current practice.

Much discussion concerning these revenues was held. It was agreed that a constitutional amendment would have to be pursued to allow a redistribution of these dollars on an equalized basis through the General State Aid formula.

SCHOOL DISTRICT TAX RATE LIMITATIONS PHASE-IN
Chicago not Included

	TAX YEAR					
	Current	Year 1	Year 2	Year 3	Year 4	Year 5
EDUCATION						
Elementary	.92	1.05	1.17	1.30	1.42	1.55
High School	.92	.92	.92	.92	.92	.92
Unit	1.84	1.97	2.09	2.22	2.34	2.47
WORKING CASH						
Elementary	.05	.05	.05	.05	.05	.05
High School	.05	.05	.05	.05	.05	.05
Unit	.05	.06	.07	.08	.09	.10
SPECIAL EDUCATION						
Elementary	.02	.02	.02	.02	.02	.02
High School	.02	.02	.02	.02	.02	.02
Unit	.04	.04	.04	.04	.04	.04
OPER./MAIN.						
Elementary	.25	.28	.31	.34	.37	.40
High School	.25	.25	.25	.25	.25	.25
Unit	.50	.53	.56	.59	.62	.65
FIRE/LIFE SAFETY						
Elementary	.05	.05	.05	.05	.05	.05
High School	.05	.05	.05	.05	.05	.05
Unit	.05	.10	.10	.10	.10	.10
TRANSPORTATION						
Elementary	.12	.12	.12	.12	.12	.12
High School	.12	.12	.12	.12	.12	.12
Unit	.20	.21	.22	.23	.24	.24
CAPITAL OUTLAY						
Elementary	-	.05	.05	.05	.05	.05
High School	-	.05	.05	.05	.05	.05
Unit	-	.10	.10	.10	.10	.10
TOTAL						
Elementary	1.41	1.62	1.77	1.93	2.08	2.24
High School	1.41	1.46	1.46	1.46	1.46	1.46
Unit	2.68	3.01	3.18	3.36	3.53	3.70

These tax rates cannot be subject to "backdoor" referendum.

General State Aid Formula

The Task Force has several recommendations with regard to the General State Aid formula.

The adequate cost for regular elementary education (as described in the Adequacy section) should be specified as the foundation level in the General State Aid formula.

As noted above, the collapsed McMahon index should be applied to the foundation level.

The ratio of the junior high cost to the elementary cost from the adequacy methodology should be the grade weighting for grades 7-8. The ratio of the high school cost to the elementary cost should be the grade weighting for grades 9-12. This would yield a grade-level weighting of 1.05 for grades 7-8 and a 1.10 weighting for grades 9-12.

The grade-level weighted average daily attendance (WADA) should continue to be calculated using the greater of the prior year WADA or prior three-year average.

The flat grant should continue and be set at 7% of the regionally cost-adjusted foundation level.

If the local contribution per pupil exceeds the adjusted foundation level, then that district will receive only the flat grant amount.

If a school district chooses not to tax itself, for operating purposes, at a rate at least as great as 90% of the sum of the seven permissive levels outlined above, that district will receive only the flat grant amount. These formula "access rates" will be phased-in to correspond with the phase-in of the permissive taxing structure.

The phase-in of the "access rates" is recommended as:

	Year 1	Year 2	Year 3	Year 4	Year 5
Elementary	1.46	1.59	1.74	1.87	2.02
High School	1.31	1.31	1.31	1.31	1.31
Unit	2.71	2.86	3.02	3.18	3.33

There should continue to be a low-income weighting in the General State Aid pupil count. While the Task Force recognizes the lack of timeliness and flexibility in the use of the Chapter 1 count in the formula, it is recommended that the Chapter 1 count continue to be used as the measure of low-income students. It is further recommended that the State Board of Education continue its pilot program to determine the feasibility of using AFDC/Food Stamp data as a substitute for the Chapter 1 count.

The Task Force recognizes that districts with extremely low concentrations of low-income students do not incur the additional costs that districts with higher concentrations of low-income students do. Therefore, funding for the incidence of low-income students should continue to be based on the concentration of students in the district relative to the concentration of students in the state. Based on the adequacy methodology applied to at-risk children, it is recommended that the statewide average weighting for Chapter 1 should be changed from .53 to .47. The cap of .625 should be increased to .75.

A foundation formula should be adopted. The basic formula should be:

If (EAV x RATE + CPPRR)/ TWADA > FLEVEL x CMI or if OTR < T

then GSA = .07 x FLEVEL x CMI x TWADA

Otherwise,

GSA = (FLEVEL x CMI x TWADA) - (EAV x RATE + CPPRR)

where
- FLEVEL = Foundation Level
- CMI = Collapsed McMahon Index
- TWADA = Total Weighted Average Daily Attendance
- EAV = Real EAV of the District
- CPPRR = Corporate Personal Property Replacement Revenue
- OTR = Operating Tax Rate
- RATE = Formula Tax Rate
- T = Formula Access Rate

The Formula Tax Rate (RATE) should be defined as follows.

For Elementary districts

If the district OTR is below 2.02%, then the district receives only the flat grant amount. If the district OTR is between 2.02% and 2.46%, then RATE will be the actual OTR. If the district OTR is above 2.46%, then RATE will be 2.46%.

For High School districts

If the district OTR is below 1.31%, then the district receives only the flat grant amount. If the district OTR is between 1.31% and 1.61%, then RATE will be the actual OTR. If the district OTR is above 1.61%, then RATE will be 1.61%.

For Unit districts

If the district OTR is below 3.33%, then the district receives only the flat grant amount. If the district OTR is between 3.33% and 4.07%, then RATE will be the actual OTR. If the district OTR is above 4.07%, then RATE will be 4.07%.

In no case will a district receive less than the flat grant amount.

In order for the General State Aid recommendations to be implemented statewide, it will be necessary to rescind the Property Tax Extension Limitation Act during the phase-in period for approximately 12 districts with operating tax rates below the recommended formula access rates. This is necessary so that those districts have the authority to establish tax rates necessary for formula access.

Property Tax Relief

The Task Force recommends that property tax relief be provided to taxpayers in school districts with high Education Fund tax rates.

For all school districts except Chicago, it is recommended that the Education Fund tax rate be rolled back to 1.75% for elementary districts, 1.15% for high school districts, and 2.90% for unit districts. Districts with Education Fund rates below these levels will not be affected.

Chicago District #299 has taxing authority for purposes other school districts do not. In particular, Chicago may tax for textbooks, teacher pensions, and its agricultural school. In other districts, property tax revenues for these purposes would normally be raised through the Education Fund. If the rates for these purposes are added to the Education rate for Chicago, the total exceeds 2.90%. In order to compensate for the differences in the tax structure, Chicago's taxing authority for education purposes should be rolled back from 2.11% to 2.05%.

The reduction in property tax revenues for school districts will be calculated in a base year. The state will provide a dollar for dollar replacement of these lost revenues the first year. If the district EAV increases, the state payment will continue but may decrease each year until that time when the district property tax revenue for education purposes exceeds that of the base year. The state payment will then be discontinued. Any successful referenda for the Education Fund would result in the cancellation of any state supplement payments.

Districts will be allowed to increase revenues in the Education Fund at the lesser of 5% per year or the education CPI without reducing the supplemental grant amount.

Categorical Program Funding

The Task Force makes no specific recommendations with regard to categorical funding.

Efficiency

The Task Force has three recommendations with regard to efficiency.

It is recommended that incentives for district consolidation and/or reorganization be increased. In particular, it is recommended that when a consolidation results in the formation of a high school with enrollment of greater than 500 students and elimination of at least one high school with an enrollment of less than 500 students, the state will pay 70% of construction costs of a new high school facility if needed.

It is recommended that if unit district consolidation referenda involve only districts with enrollments less than a certain number (e.g. 1,000), the outcome will be determined by a majority of those voting.

It is recommended that a School District Organization Task Force be formed to study the issue of efficiency with regard to school district organization with a report being issued to the General Assembly no later than January 1995.

Phase-In

It is recommended that the system outlined in these recommendations be phased-in over a five-year period to correspond to the phase-in of the permissive tax structure and the formula "access rates."

During the five-year phase-in period, the formula tax rate (RATE) used for the calculation of General State Aid will be no lower than the final "access rate" (2.02%, 1.31% and 3.33% for elementary, high school and unit districts, respectively). The final access rate will be used as long as the district OTR is at least as great as the access rate corresponding to the year of the phase-in. (e.g. In Year 2, if a unit district OTR is greater than or equal to 2.86%, there would be no state aid penalty. At the end of Year 5, if the unit district OTR is not greater than or equal to 3.33%, the district would receive only the flat grant amount.)

The amount of General State Aid increase will be limited during the phase-in period. If BASE GSA is defined as the amount of General State Aid the district received the year prior to the implementation of this system, the phase-in is recommended as follows.

In Year 1,

GSA = (Calculated Year 1 GSA - BASE GSA) x .20 + BASE GSA

In Year 2,

GSA = (Calculated Year 2 GSA - BASE GSA) x .40 + BASE GSA

In Year 3,

GSA = (Calculated Year 3 GSA - BASE GSA) x .60 + BASE GSA

In Year 4,

GSA = (Calculated Year 4 GSA - BASE GSA) x .80 + BASE GSA

In Year 5,

GSA = Calculated Year 5 GSA

It is recommended that, during the phase-in period, any savings generated by increasing equalized assessed valuation (EAV) will remain available for distribution through the General State Aid formula. This will be accomplished by increasing the foundation level to a level which will necessitate equal dollar amount increases in the appropriation each year of the phase-in.

Hold Harmless

A permanent declining hold harmless on the amount of General State Aid each district receives is recommended. The base year is the year prior to the implementation of this system. The district will be held harmless in an amount equal to the difference between its base year amount and its calculated General State Aid until that time when the calculated General State Aid exceeds the base year amount.

Membership of the Task Force

Senate Joint Resolution 1 specified that the Task Force on School Finance consist of thirty-seven members. The membership was to

consist of twenty-four members of the General Assembly, twelve members of the general public and the State Superintendent of Education. Each leader in the House and Senate was to appoint six members of the General Assembly and four public members to Task Force membership. Following is the leadership and membership of the Task Force as of the date of the final report, January 7, 1993.

Task Force on School Finance

Senator Arthur Berman - Co-Chairman
Mr. Gene Hoffman - Co-Chairman
Senator John Maitland, Jr. - Vice Chairman
Representative Helen Satterthwaite - Secretary

Mr. Don Ames, CNA Insurance Companies
Mr. Bob Beckwith, Illinois State Chamber of Commerce
Mr. Ken Bruce, Illinois Education Association
Senator Earlean Collins
Rep. Mary Lou Cowlishaw
Senator Aldo DeAngelis
Senator Miguel de Valle
Senator Vince Demuzio
Rep. Bill Edley
Senator Forest D. Etheredge
Mr. William Farley, Oak Park-River Forest Dist. 200
Rep. Manny Hoffman
Senator Joyce Holmberg
Senator Emil Jones, Jr.
Mr. Norm Jones, GROWMARK, Inc.
Senator Doris Karpiel
Mr. Ted Kimbrough, Chicago School District 299
Mr. Jim Lago, Illinois Catholic Conference
Mr. Robert Leininger, State Superintendent of Education
Rep. Andrew McGann
Rep. John J. McNamara
Rep. Richard T. Mulcahey
Rep. Vincent Persico
Mr. Thomas Reid, Illinois Manufacturers Association
Senator Harlan Rigney
Rep. Arthur Tenhouse
Ms. Jacqueline Vaughn, Illinois Federation of Teachers
Mr. Richard Walsh, AFL/CIO
Senator Frank Watson
Rep. Michael L. Weaver
Dr. Larry Weck, Superintendent , Addison School District 4
Rep. Wyvetter Younge

Staff Person

Ms. Karol Richardson, State Board of Education

APPENDIX A

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APPENDIX B

GLOSSARY

ASSESSED VALUE: The value placed on property for tax purposes and used as a basis for division of the tax burden. This amount is subject to the State-issued equalization factor and the deduction of the homestead exemptions.

AVERAGE DAILY ATTENDANCE (ADA): The aggregate number of pupil days in attendance divided by the number of days in the regular school session. A pupil who attends school for five or more clock hours while school is in session constitutes one pupil day of attendance. The best three months average daily attendance of the prior year is used in calculating General State Aid for the current year.

BOND: A written promise, signed by the president and clerk or secretary of the board, to pay a specified sum of money (the face value) at a fixed time in the future (the date of maturity) and at a fixed rate of interest.

BONDING POWER REMAINING: The difference between the statutory debt limitation (6.9 percent of equalized assessed valuation in dual districts and 13.8 percent in unit districts) and the amount of bonds outstanding. The statutory debt limitation may be 15 percent when certain requirements are met (Section 19-1, the School Code).

BUILDING BONDS: Bonds sold for the purpose of acquiring or constructing school buildings and/or sites for school buildings.

CAPITAL DEVELOPMENT BOARD: The state agency responsible for developing school sites, buildings, and equipment to meet the needs of school districts unable to provide such facilities because of lack of funds and constitutional bonding limitations. The board also approves funds for area vocational centers and administers school facilities legislation in cooperation with the Illinois State Board of Education. The State Board of Education can receive and approve school construction project grants. The State Board of Education establishes eligibility standards and the priority needs standards and notifies the Capital Development Board of approved construction projects. The State Board of Education is empowered to issue grant entitlements to school districts.

CAPITAL OUTLAY: Expenditures for infrastructure, buildings, and equipment.

CATEGORICAL AID: Money from the state or federal government that is allocated to local school districts for special children or special programs.

CHAPTER 1 WEIGHTED PUPILS (CWADA): See Weighted Pupils.

COMMON SCHOOL: A term used interchangeably with "local education agency," "local school district," and "public school."

COMPARABILITY: Equalization of services funded by state and local resources in Chapter 1 and non-Chapter 1 attendance centers ("comparability") must be attained before ESEA, Chapter 1 funds can be authorized.

CORPORATE PERSONAL PROPERTY REPLACEMENT TAXES: A state tax on the net income of corporations, partnerships and other businesses was enacted in 1979 to replace the local tax on the assessed value of corporate personal property. These are taxes paid in lieu of taxes paid on 1978 and prior years' Corporate Personal Property assessed valuation.

DEBT SERVICE - Expenditures made for principal and interest payments on long-term and short-term debt during the fiscal year.

DUAL SCHOOL SYSTEM: The situation in which a separate elementary district (grades pre-K-8) and a high school district (grades 9-12) serve the same geographical area.

EFFORT: See **TAX EFFORT**.

EQUALIZATION: The application of a uniform percentage increase or decrease to assessed values of various areas or classes of property to bring assessment levels, on the average, to a uniform level of market value.

EQUALIZATION FACTOR (State multiplier): The factor that must be applied to local assessments to bring about the percentage increase or decrease that will result in an equalized assessed valuation equal to one-third of the market value of taxable property in a jurisdiction (other than farm acreage and buildings and other than coal rights).

EQUALIZED ASSESSED VALUE: The assessed value multiplied by the State equalization factor; this gives the value of the property from which the tax rate is calculated after deducting homestead exemptions, if applicable. For farm acreage, farm buildings, and coal rights, the final assessed value is the equalized value.

EXEMPTION: Removal of property from the tax base. Exemption may be partial, as a homestead exemption, or complete as, for example, a church building used exclusively for religious purposes.

EXTENSION: 1) The process in which the County Clerk determines the tax rate needed to raise the revenue (levy) certified by each school district in the county. 2) The actual dollar amount billed to the property taxpayers in a district.

FORMULA GRANT: A grant for state and/or federal funds to a state or school district, the amount of which is determined by a

formula included in the legislation. Such grants must be applied for, and the State or school district is usually required to submit to the funding agency data to support its entitlement, an acceptable plan for use of funds, and assurance of compliance with state and/or federal laws and regulations.

FOUNDATION LEVEL: A dollar level of financial support per student representing the combined total of state and local resources available as a result of the state aid formula. The General State Aid Formula for 1992-1993 provides a foundation level of $2,600.35 per weighted pupil, provided the district has an operating tax rate equal to or in excess of 1.28 percent, 1.10 percent or 2.18 percent for elementary, high school, and unit districts, respectively. The foundation level is dependent upon the State appropriation for General State Aid.

FUNDING BONDS: Bonds issued to provide funds for the purpose of paying outstanding teachers' orders/employees' orders or other claims against a district. Subject to backdoor referendum.

GENERAL STATE AID ANTICIPATION CERTIFICATES: General State Aid Anticipation Certificates are short-term debt instruments which may be utilized by school districts. The borrowing limit is 75 percent of the General State Aid remaining to be paid any district during a fiscal year. However, the total amount of General State Aid Anticipation Certificates, Tax Anticipation Notes, and Tax Anticipation Warrants outstanding for any fiscal year may not exceed 85 percent of the taxes levied by the district for that year. Additional authority has been granted to borrow up to 100 percent of the General State Aid to be received in July.

GRANT INDEX FOR ASBESTOS ABATEMENT: A formula index designed to determine a state grant entitlement for asbestos abatement. The asbestos abatement grant index is equal to one minus the ratio of the district's equalized assessed valuation per pupil in weighted average daily attendance to the equalized assessed valuation per pupil in weighted average daily attendance of the district located at the ninetieth percentile for all districts of the same type (elementary, high school, or unit). The grant index may not be less than .5000 and no greater than 1.0000. All nonpublic schools are eligible for state reimbursement in the amount equal to 50 percent of the cost of corrective action if funds are appropriated by the legislature.

GRANT INDEX FOR SCHOOL CONSTRUCTION: A formula index used to establish the level of state financial obligation in a school construction project. The school construction grant index is calculated using the same formulas as the grant index for asbestos abatement and makes comparisons by district type (elementary, high school, and unit). The amount of the school construction grant index may not be less than 20 percent nor greater than 70 percent of the recognized project costs. Districts are ranked in priority order based on emergencies, health/life safety hazards, and unhoused students.

INTERFUND LOANS: Loans between funds as authorized by Sections 10-22.33 and 20-4, the School Code.

INTERFUND TRANSFERS: Transfers of money from one fund to another without a requirement for repayment as authorized by Sections 10-22.44, 17-2A, 17-2B, and 20-5, the School Code.

JOINT AGREEMENT AND/OR COOPERATIVE: An educational program or programs in which two or more local education agencies and/or eligible institutions of higher education agree to participate by uniting efforts in accordance with a written agreement and by designating a fiscal and legal agent.

LEVY: The amount of money a school district certifies to be raised from the property tax.

OPERATING EXPENSE PER PUPIL: The gross operating cost of a school district (excepting summer school, adult education, bond principal retired, and capital expenditures) divided by the average daily attendance for the regular school term. (See Appendix I for a sample district computation.)

OPERATING TAX RATE: A school district's total tax rate less the tax rates for bond and interest, rent, vocational education construction, summer school, and capital improvements purposes. Districts may include tax rates extended for the payment of principal and interest on bonds issued for Fire Prerest on those bonds or other evidences of indebtedness.

PER CAPITA TUITION CHARGE: The amount a local school district charges as tuition to nonresident students as defined by Section 18-3 of the School Code. The per capita tuition charge is determined by totaling all expenses of a school district in its educational, operations and maintenance, bond and interest, transportation, Illinois municipal retirement/Social Security, and rent funds for the preceding school year less expenditures not applicable to the regular K-12 program (such as adult education and summer school), less offsetting revenues from State sources except those from the Common School Fund, less offsetting revenues from federal sources except those from federal impaction aid, less revenues from student and community services, plus a depreciation allowance and dividing this amount by the average daily attendance for the year. The average daily attendance during the regular school term is adjusted by the average daily attendance of pupils tuitioned in and tuitioned out. (See Appendix I for a sample district computation.)

PUBLIC BUILDING COMMISSION (PBC): A municipal corporation from which local government taxing authorities lease facilities. The PBC is directed by these local governments to acquire land, contract for construction and issue revenue bonds for projects. Since the PBC has no statutory authority to levy taxes, it submits its annual budget to each local government which enters into lease agreements with the PBC. Annual payments on these leases are included in the local government's property tax extensions.

QUADRENNIAL ASSESSMENT: The general assessment year that occurs every four years when all property assessments are reviewed. (See: TRIENNIAL ASSESSMENT, below.)

REFUNDING BONDS: Bonds sold to pay off other bond issues, other evidences of indebtedness, and the accrued interest on those bonds or other evidences of indebtedness.

REGIONAL SUPERINTENDENT: The chief school officer for the county or counties that comprise an educational service region. The Regional Superintendent exercises supervision and control over school districts and cooperatives within that region. There are 57 Regional Superintendents in Illinois.

STATE AID FORMULAS: The formulas legislated by the General Assembly for apportioning General State Aid and certain categorical aids.

TAX ANTICIPATION NOTE: An instrument of short-term indebtedness issued by a specific taxing body and representing a general obligation of the body. Notes may be issued in an amount (including principal, interest, and costs of note issuance) not to exceed 85 percent of the taxes levied. The notes may bear an interest rate not exceeding nine percent per annum or 125 percent of the rate for the most recent data shown in the 20 General Obligation (GO) Bonds Index of average municipal bond yields, as published in the most recent edition of *The Bond Buyer*, at the time the contract is made for the sale. No notes may be issued during any fiscal year in which there are tax anticipation warrants outstanding against the tax levied for that fiscal year.

TAX ANTICIPATION WARRANT: An instrument of short-term indebtedness backed by the anticipation of specific tax revenues. Warrants are issued by a school district in anticipation of the collection of taxes and may be issued to the extent of 85 percent of the total amount of the tax levied. These warrants must be repaid upon receipt of tax moneys by the district and may bear an interest rate not exceeding the greater of nine percent per annum or 125 percent of the rate for the most recent data shown in the 20 General Obligation (G.O.) Bonds Index of average municipal bond yields, as published in the most recent edition of *The Bond Buyer*, at the time the contract is made for the sale.

TAX CAPS: An abbreviated way of referring to the tax increase limiations imposed by the Property Tax Extension Limitation Act, Public Act 87-17, effective October 1, 1991.

TAX EFFORT: The extent to which a local school district levies local taxes for schools.

TAX INCREMENT FINANCING (TIF): A property tax-related economic development incentive. A specifically defined district in need of special assistance is created by a local city, town or county. The total equalized assessed value (EAV) at the time of creation is measured and frozen. Bonds are floated to pay for public infrastructure costs or to help the developer through low-interest loans or lowered land prices. These long-term bonds are paid off from the additional property tax revenue generated by the property tax in the district above the amount of tax revenue generated from the frozen tax base.

TAX RATE: The amount of tax due stated in terms of a percentage of the tax base. Example: 2.76 percent of equalized assessed valuation is a representation of a tax rate of $2.76 per one hundred dollars of equalized assessed valuation of property.

TAX-RATE LIMIT: The tax-rate limit is the maximum tax rate that the county clerk may extend. Illinois law authorizes maximum tax rates without referendum, but districts may increase tax rates, within limits, subject to voter approval. A backdoor referendum provision exists; when the board proposes a tax rate increase and it is not opposed by the required number of electors within a stated time period, the board obtains the authority to increase the tax rate. A limited number of tax rates exist without a tax-rate limit.

TEACHERS' ORDERS: Teachers' payroll warrants issued by a school district which may be cashed at a local bank. By agreement between the school district and the bank, the district will redeem the orders at some future date and pay the bank a stipulated rate of interest not exceeding the greater of nine percent per annum, or 125 percent of the rate for the most recent data shown in the 20 General Obligation (GO) Bonds Index of average municipal bond yields, as published in the most recent edition of *The Bond Buyer*, at the time the contract is made for the sale.

TOWNSHIP MULTIPLIER: The equalization factor that is used by most counties other than Cook County to bring township property assessments in line with current sales prices for property in that township. For example, if a township has not been assessed for two years, the township multiplier would reflect the change in property values over those two years. A township multiplier of 1.1 would mean, on average, property tax values in this township have increased by 10 percent since the last time the property was assessed.

TRIENNIAL ASSESSMENT: In 1990, Cook County switched from a quadrennial (every four years) to a triennial assessment system. Under the triennial system, property will normally be assessed once every three years. The valuation of individual properties will stay the same for the two years between reassessments. Exceptions to this occur when there have been changes in the property in the years between regular assessments (usually due to new construction or improvements to the property). In 1990, the southern Cook County suburbs were reassessed. In 1991, the entire City of Chicago was reassessed and in 1992, the northern Cook County suburbs were reassessed to round out the first triennial assessment cycle.

TRUTH IN TAXATION ACT: Legislation approved and effective July 29, 1981, that provides procedures for public notice and public hearings on tax increases greater than 105 percent of the prior year's extension.

UNIT DISTRICT: A school district that encompasses all grade levels (Pre-K-12). A term used interchangeably with a 12-grade district.

WEIGHTED PUPILS: General State Aid is provided to districts in Illinois based upon average daily attendance (ADA). The ADA figure used is subject to the use of weights and adjustments designed to enhance funding levels for pupils with varying educational needs. In the General State Aid law, grade Pre-K-6 pupils are weighted 1.00, grade 7-8 pupils are weighted 1.05, and grade 9-12 pupils are weighted 1.25. These weightings provide a Weighted Average Daily Attendance (WADA) figure. Pupils from families with low incomes provide an additional type of weighting to attendance, one which adjusts average attendance upwards. The additional formula adjustment for low-income pupils in a district ranges from zero to a maximum of .625. In combination, the grade-level weighting and the poverty count adjustment create a district's "CWADA" or Chapter 1 Weighted Average Daily Attendance figure.

CODE 01 001 0010 26
REGION 01 ADAMS-PIKE EDUC SERVICE REGION
DISTRICT NAME PAYSON C U

ILLINOIS STATE BOARD OF EDUCATION
Department of School Finance
Reimbursements Section
100 North First Street
Springfield, Illinois 62777-0001

GENERAL STATE AID ENTITLEMENT FOR 1992-1993

INSTRUCTIONS: Complete in triplicate and submit white and pink copies to your Regional Superintendent by July 1 who will forward the white copy to the address at top of form by July 15. Please ensure that Line 11 is completed or this claim will be rejected.

PART I — SUPPORTING DATA

CLAIMABLE PUPILS ONLY (Pupils Claimed Under Section 18-8)

LINE	CALENDAR BEGIN Mo. Day (1)	CALENDAR END Mo. Day (2)	DAYS ATTENDED PREKINDERGARTEN (Handicapped) (3)	KINDERGARTEN (4)	ELEMENTARY 1-6 (5)	TOTALS Columns (3)+(4)+(5) (6)	ELEMENTARY 7-8 (7)	TOTALS Columns (6)+(7) (8)	DAYS SCHOOL WAS IN SESSION (9)	ELEMENTARY ADA Col. 8 ÷ Col. 9 (10)	DAYS ATTENDED High School 9-12 (11)	HIGH SCHOOL ADA Col. 11 ÷ Col. 9 (12)
1	8-24	9 30		552.5	8,302.5	8,855.0	2,234.5	11,089.5	24	462.06	4,344.5	181.02
2	10 1	10 31		494.0	6,785.5	7,279.5	2,094.5	9,374.0	20	468.70	3,534.5	176.72
3	11 1	11 30		418.0	5,394.0	5,812.0	1,638.0	7,450.0	16	465.62	2,715.5	169.71
4	12 1	12 31		379.0	4,635.5	5,014.5	1,448.0	6,462.5	15	430.83	2,448.5	163.23
5	1 1	1 31		478.0	6,367.5	6,845.5	1,934.0	8,779.5	19	462.07	3,177.2	167.22
6	2 1	2/29		494.5	6,413.0	6,907.5	1,945.5	8,853.0	19	465.54	3,168.8	166.77
7	3 1	3 31		546.0	7,073.5	7,619.5	2,142.5	9,762.0	21	464.85	3,523.4	167.78
8	4 1	4 30		519.5	6,815.5	7,335.0	2,097.0	9,432.0	20	471.60	3,354.9	167.74
9	5 1	6-08		456.5	6,813.0	7,269.5	2,070.0	9,339.5	20	466.97	3,409.6	170.48
10	TOTALS			4,338.0	58,600.0	62,938.0	17,604.0	80,542.0	174	462.88	29,676.9	170.55

11 ADA of resident pupils for whom tuition is paid to another local education agency included above on Line 10, Column 10 and Column 12 (see instructions before completing) 14.64

NONCLAIMABLE PUPILS (Pupils Claimed Under Sections 14-7.03, 18-3. At Risk, Head Start, and Tuition Pupils)

12	Nine Month TOTALS											

ATTENDANCE DATA

BEST THREE MONTHS ATTENDANCE DATA (For Claimable Pupils Only) *See instructions.*

	ELEMENTARY CALCULATIONS: BEST 3 MONTHS LINE NUMBER (13)	(PRE K-6) COL. 6 (14)	(7-8) COL. 7 (15)	DAYS SCHOOL WAS IN SESSION COL. 9 (16)	HIGH SCHOOL CALCULATIONS: BEST 3 MONTHS LINE NUMBER (17)	(9-12) COL. 11 (18)	DAYS SCHOOL WAS IN SESSION COL. 9 (19)
13	8	7,335.0	2,097.0	20	1	4,344.5	24
14	2	7,279.5	2,094.5	20	2	3,534.5	20
15	9	7,269.5	2,070.0	20	9	3,409.6	20
16	Totals	21,884.0	6,261.5	60		11,288.6	64

17	Pre-K - 6 ADA Line 16, Col. (14) ÷ Line 16, Col. (16)	364.73	23	District ADA Line 10, Col. 10 ÷ Col. 12	633.43
18	7-8 ADA Line 16, Col. (15) ÷ Line 16, Col. (18)	104.35	24	9 Months ADA for Per Capita Comp Line 23 minus Line 11 plus Line 12 (Col. 10 ÷ Col. 12)	618.79
19	7-8 WADA Line 18 x 1.05	109.56	25	1990-1991 District WADA	690.39
20	9-12 ADA Line 16, Col. (18) ÷ Line 16, Col. (19)	176.38	26	1989-1990 District WADA	683.66
21	9-12 WADA Line 20 x 1.25	220.47	27	1991-1992 Chapter 1 Eligibles	87
22	1991-1992 District WADA (Line 17 plus Lines 19 and 21)	694.76			

EAV/TAX RATE DATA

28	1990 Original Real Property Equalized Assessed Valuation (EAV)	$ 16,496,384	34	1990 Corporate Personal Property* (CPP) Replacement Payments	$ 16,837.83
29	Adverse Court Cases	$	35	1977 Total Tax Rate	2.464100 %
30	New Industry Abatements	$	36	1990 CPP Replacement EAV (Line 34 ÷ Line 35)	$ 683,325
31	Property Tax Appeal Board (PTAB) Decisions	$	37	1990 General State Aid EAV (Total of Lines 33 and 36)	$ 17,179,709
32	Other Equalized Assessed Valuation (EAV) Adjustments	$	38	1990 Actual Operating Tax Rate	3.332160 %
33	1990 Adjusted Real Property Equalized Assessed Valuation (EAV)	$ 16,496,384	39	General State Aid Entitlement for 1991-1992	$ 1,336,157.77

* Received during calendar year 1991

SCHOOL CALENDAR DATA

40	Days School Was in Session (Line 10, Column 9)	174
41	Approved Institute(s) and/or Workshop(s) (Not to exceed four)*	4
42	Approved Parent-Teacher Conference Day(s) (Not to exceed two)*	2
43	Approved Act of God Day(s)	
44	Total Days*	180

* *See instructions for explanation*

* *Must be 180 or more or penalty will be applied (Section 18-12, the School Code).*

AFFIDAVIT

We, the undersigned, do solemnly swear (or affirm) that the foregoing statements are true to the best of our knowledge and belief, that said school district has complied with the requirements of the School Code as set forth in Sections 10-19, 10-20.12, 10-22.5, 18-12, 24-4, 27-3, 27-4, and 27-21, and has in all other respects conducted school according to law.

Date — Signature of Superintendent, Principal or Teacher

Date — Signature of Clerk or Secretary of School Board

Date — Signature of Regional Superintendent

ISBE 50-11 (1/92)

ILLINOIS STATE BOARD OF EDUCATION

APPENDIX C

86

111

112

CODE 01 001 0010 26
REGION 01 ADAMS-PIKE EDUC SERVICE REGION
DISTRICT NAME PAYSON C U

GENERAL STATE AID ENTITLEMENT FOR 1992-1993

Part II COMPUTATIONAL DATA

1 District Average WADA

A	1991-1992 District WADA (Part I, Line 22)	694.76	
B	1990-1991 District WADA (Part I, Line 25)	690.39	
C	1989-1990 District WADA (Part I, Line 26)	683.66	
D	Total District WADA (Total of Lines A, B, and C above)		2,068.81
E	District three year average (Line D above divided by the Figure 3)		689.60

2 District CWADA

A	District 1991-1992 Chapter 1 Eligibles (Part I, Line 27)	87
B	District 1991-1992 WADA (Part II, Line 1A)	694.76
C	District Percent Low Income Eligibles of WADA (Line 2A divided by Line 2B)	12.52 %
D	State Average Percent Chapter 1 Eligibles of WADA	19.28 %
E	Line 2C divided by Line 2D	.6493
F	Line 2E X .53 (Maximum .625)	.3441
G	Line 2F X Line 2A	29.93
H	CWADA (Line 2G + Greater of (Part II, Line 1A or Line 1E)	724.69

3 District Equalized Assessed Valuation (EAV) per CWADA

A	District 1990 General State Aid Equalized Assessed Valuation (Part I, Line 37)	$	17,179,709
B	Line 3A divided by Line 2H	$	23,706.28

4 District 1990 Operating Tax Rate with Full Access

A	Maximum Operating Tax Rate (1.90% Elem., 1.10% High School, 2.76% Unit)	2.760000 %	
B	District 1990 Actual Operating Tax Rate (Part I, Line 38)	3.332160 %	
C	District 1990 General State Aid Operating Tax Rate (Line 4A unless Line 4B is < 1.28% in Elem., 1.10% in High School or 2.18% in Unit)		2.760000 %

5 State Guaranteed EAV per CWADA

A	Foundation Level	$ 2,600.35	
B	Maximum Operating Tax Rate	2.760000 %	
C	State Guaranteed EAV per CWADA (Line 5A ÷ Line 5B)		$ 94,215.57

Part III SPECIAL EQUALIZATION

1	District CWADA (Part II, Line 2H)		724.69
2	State Guaranteed Resources		
A	State Guaranteed EAV per CWADA (Part II, Line 5C)	$	94,215.57
B	District EAV per CWADA (Part II, Line 3B)	$	23,706.28
C	State Guarantee (Line A − Line B (zero, if negative))	$	70,509.29
3	District 1990 GSA Operating Tax Rate (Part II, Line 4C)		2.760000
4	1992-1993 Entitlement (Product of Lines 1, 2C, and 3)	$	1,410,287.61

Part IV ALTERNATE METHOD

1	District CWADA (Part II, Line 2H)		724.69
2	State Guaranteed EAV per CWADA (Part II, Line 5C)	$	94,215.57
3	Line 2 X .87	$	81,967.54
4	District EAV per CWADA (Part II, Line 3B)	$	23,706.28
5	Line 3 ÷ Line 4 (If greater than 1.0000, Part IV not applicable)		3.4576
6	Line 5 X (.13 X Part II, Line 5A)	$	
7	1992-1993 Entitlement (Line 1 X Line 6)	$	

Part V FLAT GRANT

1	District CWADA (Part II, Line 2H)		724.69
2	Foundation Level (Part II, Line 5A)	$	2,600.35
3	Line 2 X .07	$	182.02
4	1992-1993 Entitlement (Line 1 X Line 3)	$	131,908.07

Part VI SUMMARY OF 1991-1992 ENTITLEMENT

1	Special Equalization Entitlement (Part III, Line 4)	$	1,410,287.61
2	Alternate Method Entitlement (Part IV, Line 7)	$	
3	Flat Grant Entitlement (Part V, Line 4)	$	131,908.07
4	Greatest of Lines 1, 2, or 3 above	$	1,410,287.61
5	General State Aid Entitlement for 1992-1993	$	1,410,287.61
6	Adjustments*		

CODE	AMOUNT
03	$ 2,765.71-
Total	$ 2,765.71-

7	Net 1992-1993 Entitlement (Line 5 + Line 6 above)	$	1,407,521.90

* See Instructions for Explanation

APPENDIX C (Cont'd)

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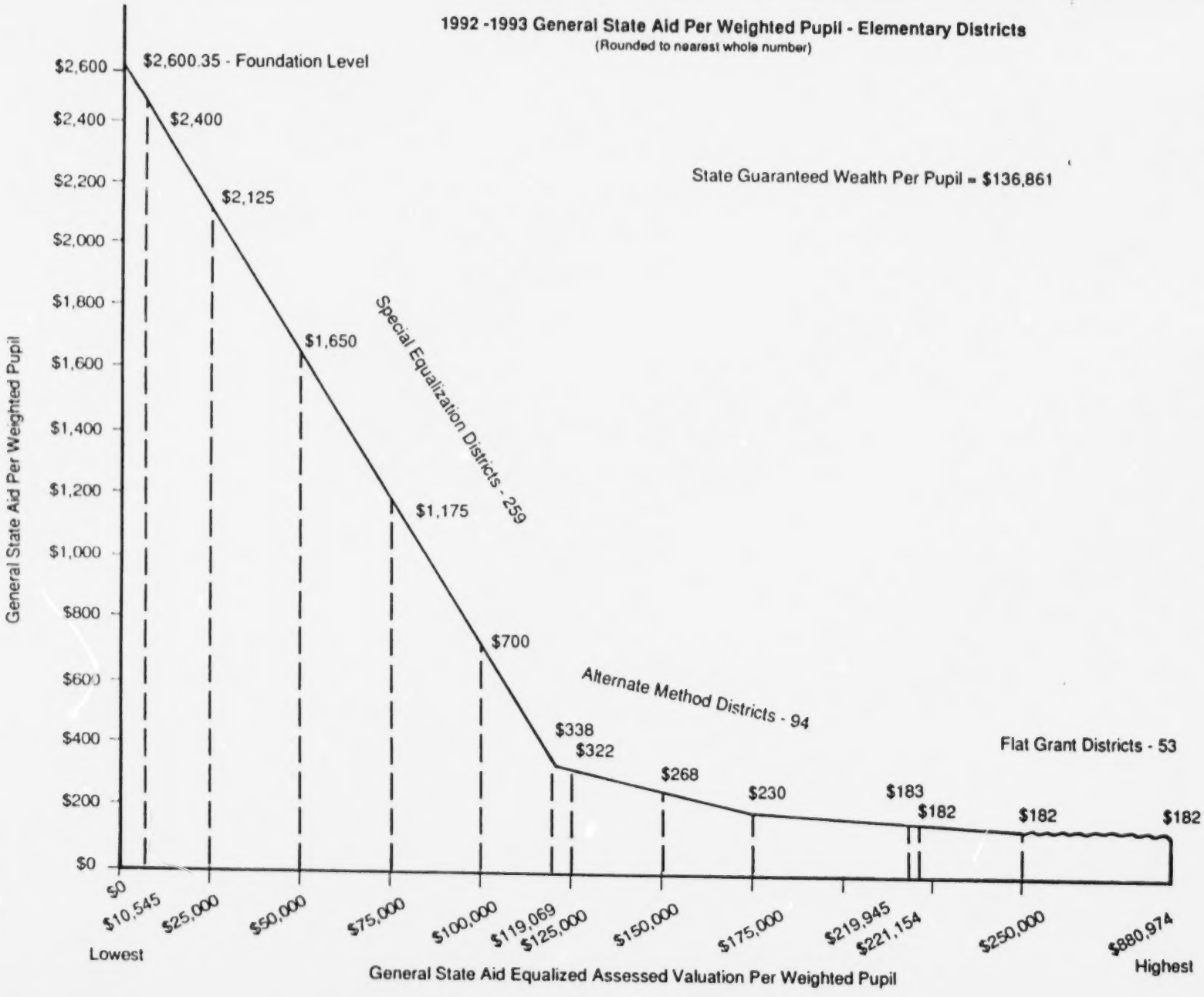
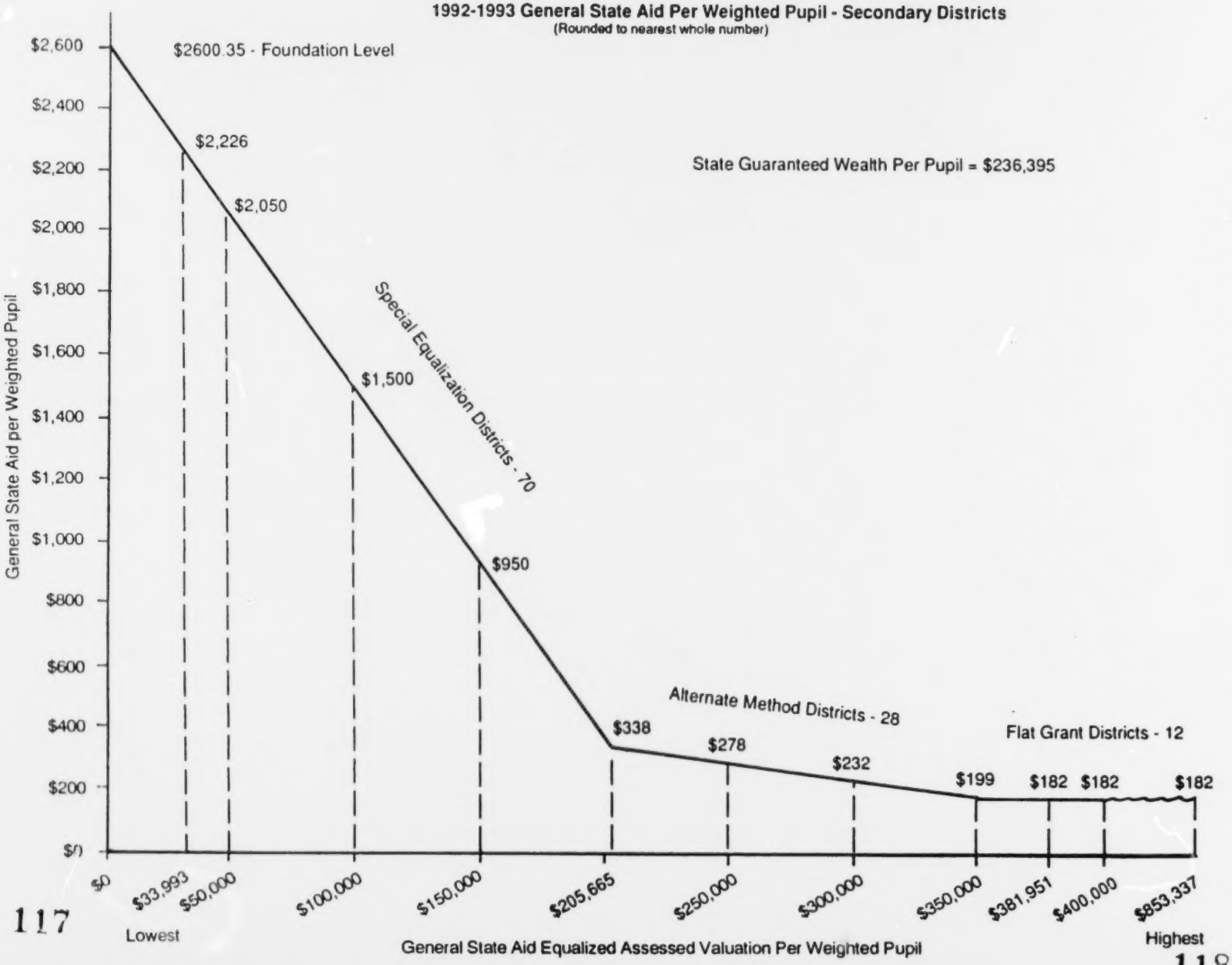
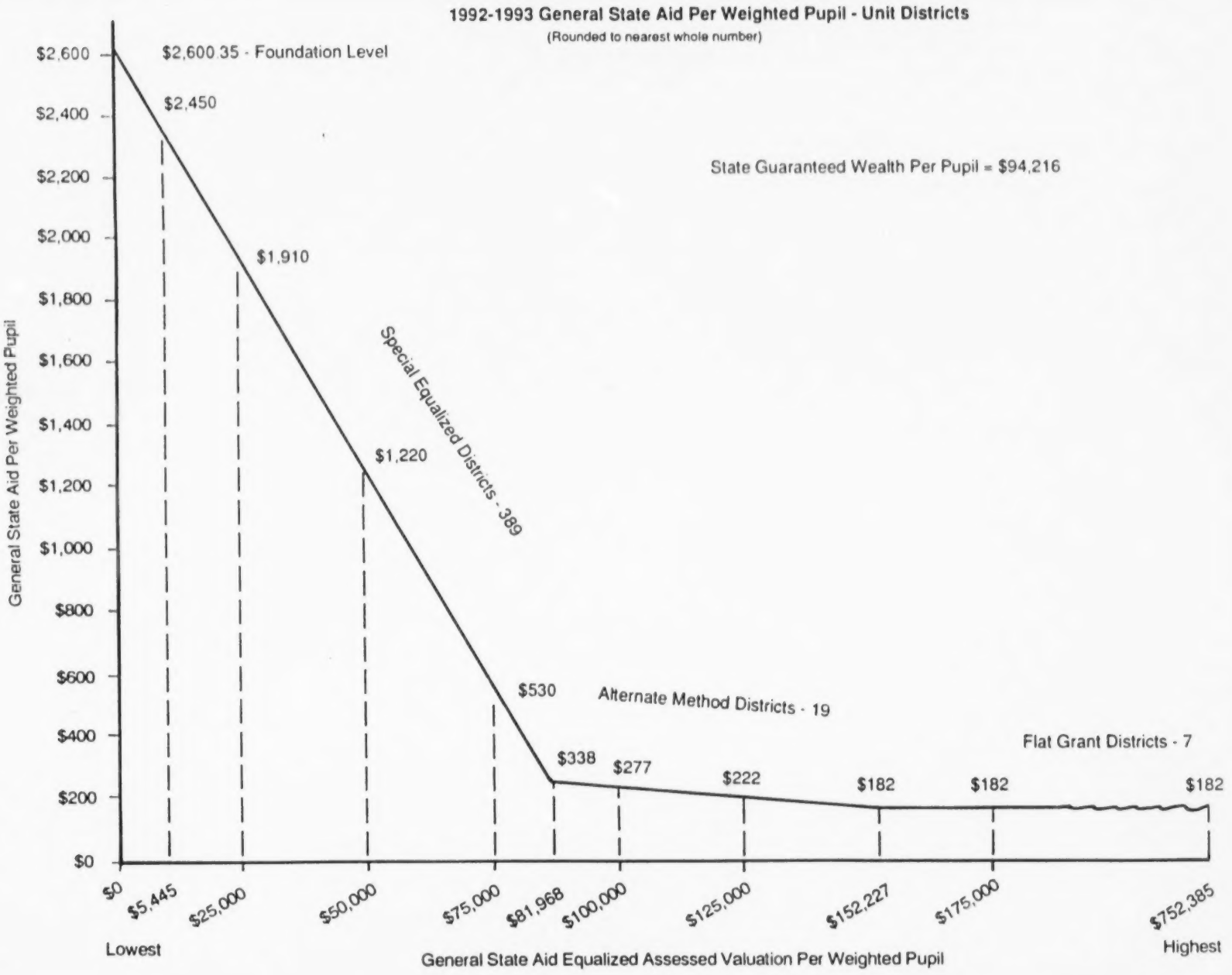

1992 -1993 General State Aid Per Weighted Pupil - Elementary Districts
(Rounded to nearest whole number)
$2,600.35 - Foundation Level
$2,400
$2,125
$1,650
$1,175
$700
$338
$322
$268
$230
$183
$182
$182
$182
State Guaranteed Wealth Per Pupil = $136,861
Special Equalization Districts - 259
Alternate Method Districts - 94
Flat Grant Districts - 53
General State Aid Per Weighted Pupil
$2,600
$2,400
$2,200
$2,000
$1,800
$1,600
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
$0
$10,545
$25,000
$50,000
$75,000
$100,000
$119,069
$125,000
$150,000
$175,000
$219,945
$221,154
$250,000
$880,974
Lowest
Highest
General State Aid Equalized Assessed Valuation Per Weighted Pupil


1992-1993 General State Aid Per Weighted Pupil - Secondary Districts
(Rounded to nearest whole number)
$2600.35 - Foundation Level
State Guaranteed Wealth Per Pupil = $236,395
Special Equalization Districts - 70
Alternate Method Districts - 28
Flat Grant Districts - 12
General State Aid per Weighted Pupil
$2,600
$2,400
$2,200
$2,000
$1,800
$1,600
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
$2,226
$2,050
$1,500
$950
$338
$278
$232
$199
$182
$182
$182
$0
$33,993
$50,000
$100,000
$150,000
$205,665
$250,000
$300,000
$350,000
$381,951
$400,000
$853,337
Lowest
Highest
General State Aid Equalized Assessed Valuation Per Weighted Pupil


1992-1993 General State Aid Per Weighted Pupil - Unit Districts
(Rounded to nearest whole number)
$2,600
$2,400
$2,200
$2,000
$1,800
$1,600
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
General State Aid Per Weighted Pupil
$2,600.35 - Foundation Level
$2,450
$1,910
$1,220
$530
$338
$277
$222
$182
$182
$182
State Guaranteed Wealth Per Pupil = $94,216
Special Equalized Districts - 389
Alternate Method Districts - 19
Flat Grant Districts - 7
$0
$5,445
$25,000
$50,000
$75,000
$81,968
$100,000
$125,000
$152,227
$175,000
$752,385
Lowest
Highest
General State Aid Equalized Assessed Valuation Per Weighted Pupil

ILLINOIS STATE BOARD OF EDUCATION
ROBERT LEININGER, STATE SUPERINTENDENT

ANNUAL FINANCIAL REPORT
(ISBE 50-35)

INDIRECT COST RATE FOR FEDERAL PROGRAMS
APPLICABLE FOR THE FISCAL 93 PROGRAM YEAR

CODE 01001001026
COUNTY ADAMS
DIST. PAYSON COMM UNIT SCH

		RESTRICTED PROGRAM		UNRESTRICTED PROGRAM		
		A	B	C	D	E
	FUNCTION	INDIRECT COSTS	DIRECT COSTS	INDIRECT COSTS	DIRECT COSTS	TOTAL COSTS
INSTRUCTION	100		1,196,608		1,196,608	1,196,608
SUPPORT SERVICES	200					
PUPILS	210		32,082		32,082	32,082
INSTRUCTIONAL STAFF	220		39,347		39,347	39,347
GENERAL ADMINISTRATION	230		135,097		135,097	135,097
SCHOOL ADMINISTRATION	240		112,736		112,736	112,736
BUSINESS	250					
DIRECTION OF BUSINESS SPT. SRV.	251					
FISCAL SERVICES	252	21,900		21,900		21,900
OPER. & MAINT. PLANT SERVICES	254		193,509	193,509		193,509
PUPIL TRANSPORTATION	255		157,987		157,987	157,987
FOOD SERVICES	256		32,066		32,066	32,066
INTERNAL SERVICES	257					
CENTRAL	260					
DIRECTION OF CENTRAL SPT. SRV.	261					
PLAN, RSRCH, DVLP, EVAL. SRV.	262					
INFORMATION SERVICES	263					
STAFF SERVICES	264					
DATA PROCESSING SERVICES	266					
OTHER	290					
COMMUNITY SERVICES	300					
TOTAL		21,900	1,899,432	215,409	1,705,923	1,921,332

RESTRICTED RATE				UNRESTRICTED RATE			
COL. A =	21,900			COL. C =	215,409		
COL. B =	1,899,432	=	1.15%	COL. D =	1,705,923	=	12.62%

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APPENDIX G

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BEST COPY AVAILABLE

APPENDIX H

THIS PAGE MUST BE COMPLETED

The source document for this computation is the Illinois State Board of Education Form 50-35, Illinois School District Annual Financial Report, 1990-1991.

FINANCIAL DATA TO ASSIST INDIRECT COST RATE DETERMINATION

CODE _____

COUNTY Adams

DISTRICT NAME Community Unit

DISTRICT NUMBER 1

STREET _____

CITY Payson, Illinois ZIP CODE 62360

INSTRUCTIONS FOR COMPLETING FINANCIAL DATA INDIRECT COST RATE DETERMINATION

Indirect cost rates are computed from information provided within the body of the Annual Financial Report. However, it is necessary that certain expenditure accounts be further subdivided to identify Federal program activities.

Enter the disbursements/expenditures included within each function account that were charged to and reimbursed from any Federal grant program. Also include all amounts paid to or for other employees within each function account that work with Federal grant programs in the same capacity as those charged to and reimbursed from Federal grant programs. For example, if a district received funding from ECIA, Chapter 1, for a program director, the salaries of all other Federal grant program directors included in that function account must be included. Also include any benefits and/or purchased services paid on or to persons whose salaries are classified as direct costs in the function accounts that are listed.

DO NOT LEAVE ANY SPACES BLANK. Enter a zero on all lines where no costs are charged.

Section 1 Restricted Programs*

This section is applicable to Federal programs which restrict expenditures to those which "supplement but do not supplant" State or local effort. Some examples of restricted programs are ECIA, Chapters 1 and 2, P.L. 94-142 and Adult Education.

A. Support Services - Direct Costs (1-2000) and (5-2000)

1. Direction of Business Support Services (1-2510) and (5-2510) ..... $ -0- (2793)
   Enter the cost included within the Function (1-2510) and (5-2510) Accounts, Direction of Business Support Services, charged directly to and reimbursed from Federal grant programs.

2. Fiscal Services (1-2520 and (5-2520) ..... $ -0- (2794)
   Enter the cost included within the Function (1-2520) and (5-2520) Accounts, Fiscal Services, charged directly to and reimbursed from Federal grant programs.

3. Internal Services (1-2570) and (5-2570) ..... $ -0- (2795)
   Enter the cost included within the Function (1-2570) and (5-2570) Accounts, Internal Services, charged directly to and reimbursed from Federal grant programs.

4. Staff Services (1-2640) and (5-2640) ..... $ -0- (2797)
   Enter the cost included within the Function (1-2640) and (5-2640) Accounts, Staff Services, charged directly to and reimbursed from Federal grant programs.

5. Data Processing Services (1-2660) and (5-2660) ..... $ -0- (2799)
   Enter the cost included within the Function (1-2660) and (5-2660) Accounts, Data Processing Services, charged directly to and reimbursed from Federal grant programs.

Section 2 Unrestricted Programs*

This section is applicable to Federal programs whose funds may be used either to supplement, and/or supplant local funds.

B. Support Services - Direct Costs (1, 2, and 5-2000)

7. Operation and Maintenance of Plant Services (1, 2, and 5-2540) ..... $ -0- (2801)
   Enter the cost included within the Function (1-2540), (2-2540), and (5-2540) Accounts, Operation and Maintenance of Plant Services, charged directly to and reimbursed from Federal grant programs.

* ALL CAPITAL OUTLAY MUST BE EXCLUDED

The Notes To Financial Statements is an integral part of this statement.

APPENDIX I

STATISTICAL INFORMATION, OPERATING EXPENDITURES PER PUPIL AND PER CAPITA TUITION CHARGE COMPUTATIONS (1990-1991)

A. Total Expenditures

	FUND	PAGE	LINE	COLUMN			
1.	ED	30	68	9	Total Expenditures	$ 1,762,074	
2.	O&M	32	24	9	Total Expenditures	123,710	
3.	B&I	33	14	9	Total Expenditures	107,295	
4.	TR	35	24	9	Total Expenditures	209,686	
5.	MR	39	60	9	Total Expenditures	44,683	
6.	RENT	41	5	9	Total Expenditures		
7.	Total (Lines 1 through 6)						$ 2,247,448

B. Less Receipts/Revenues or Disbursements/Expenditures Not Applicable to Operating Expense of Regular Program

8.	TR	11	22	4	Reg. Trans. Fees from Other Districts	$	
9.	TR	11	26	4	Summer School Transportation Fees		
10.	TR	11	28	4	Voc. Educ. Trans. Fees from other LEAs		
11.	TR	13	32	4	Spec. Educ. Trans. Fees from other LEAs		
12.	TR	13	35	4	Adult/Continuing Educ. Trans. Fees		
13.	O&M	17	69-70	2	State Adult Education		
14.	ED-TR,MR	17	76	1,4,5	Prekindergarten Program (At-Risk)		
15.	O&M	21	101	2	Title III, Adult Basic Education		
16.	ED	27	4	1,2,3,4,6	Adult Education		
17.	ED	27	7	1,2,3,4,6	Summer School	6,425	
18.	ED	29	49	1,2,3,4,6	Community Services		
19.	ED	30	58	3,6	Nonprogrammed Charges	17,729	
20.	ED	30	68	5	Capital Outlay	15,930	
21.	ED	30	68	7	Transfers		
22.	ED	30	68	8	Tuition	53,121	
23.	O&M	31	9	1,2,3,4,6	Community Services		
24.	O&M	31	15	9	Nonprogrammed Charges		
25.	O&M	32	24	5	Capital Outlay	24,130	
26.	B&I	33	10	6	Bond Principal Retired	90,000	
27.	B&I	33	14	7	Transfers		
28.	TR	34	6	1,2,3,4,6	Community Services		
29.	TR	34	15	9	Nonprogrammed Charges		
30.	TR	35	24	5	Capital Outlay	61,879	
31.	MR	36	4	2	Adult Education		
32.	MR	36	7	2	Summer School		
33.	MR	39	51	2	Community Services		
34.	Total Deductions (Lines 8 through 34)						$ 269,214
35.	Operating Expenses Regular K-12 (Line 7 minus Line 34)						1,978,234
36.	Average Daily Attendance (See below)					615.87	
37.	Operating Expense Per Pupil (Line 35 divided by Line 36)						$ 3,212.10

C. Less Offsetting Receipts/Revenue:

38.	TR	11	21	4	Reg. Trans. Fees from Pupils or Parents	$	
39.	TR	11	23	4	Reg. Trans. Fees from Private Sources		
40.	TR	11	24	4	Reg. Trans. Fees - co-curricular	137	
41.	TR	11	27	4	Voc. Trans. Fees from Pupils or Parents		
42.	TR	11	29	4	Voc. Trans. Fees from Other Sources		
43.	TR	13	31	4	Spec. Educ. Trans. Fees from Pupils or Parents		
44.	TR	13	33	4	Spec. Educ. Trans. Fees from Other Sources		
45.	ED	13	38	1	Food Services	40,472	
46.	O&M	13	39	1,2	Pupil Activities	9,712	
47	ED	13	40	1	Textbooks	13,258	
48.	ED-O&M	13	41	1,2	Rentals	620	
49.	ED-O&M-TR	13	44	1,2,4	Services Provided Other LEA's		
50.	ED	13	48	1	Local Fees		
51.	ED-O&M-TR-MR	15-16	55	1,2,4,5	Flow-Through Revenue From One LEA To Another LEA	12,244	
52.	ED-OM-TR	15	62	4	State Trans.Aid	107,776	
53.	ED-O&M	15	63	1,2	Driver Education	5,719	
54.	ED-O&M-TR	17	71-74	1,2,4	Special Education	22,708	

(Continued on adjacent page)

APPENDIX I (CONT'D)

1990-1991

STATISTICAL INFORMATION, OPERATING EXPENDITURES PER PUPIL AND PER CAPITA TUITION CHARGE COMPUTATIONS

(Continued from page 48)

C. **Less Offsetting Receipts/Revenue: (continued)**

	FUND	PAGE	LINE	COLUMN			
55.	ED-TR	17	65	1,4	Bilingual Education	$	
56.	ED-O&M	17	66	1,2	Vocational Education Basic Formula	7,090	
57.	ED-O&M	17	67	1,2	Vocational Education Grants		
58.	ED	17	68	1	Gifted Education	2,923	
59.	ED,TR,MR	17	75	1,4,5	Reading Improvement Program	14,820	
60.	ED	17	80	1	School Lunch Aid	1,754	
61.	B&I	19	82	3	Capital Development Board-Interest		
62.	ED-O&M-TR-MR	19-20	84	1,2,4,5	Other Grants-In-Aid	4,046	
63.	ED-O&M-TR-MR	21-22	100	1,2,4,5	Restricted Grants-in-Aid from Fed. Gov.		
64.	ED-O&M	23	112	1,2	Vocational Education		
65.	ED-O&M-TR-MR	23-24	113	1,2,4,5	Transition Program for Refugee Children		
66.	ED-O&M-TR-MR	23-24	114	1,2,4,5	Emergency Immigrant Education Assistance		
67.	ED-O&M-TR-MR	23-24	119	1,2,4,5	ECIA, Chapter 1	49,005	
68.	ED-O&M-TR-MR	23-24	125	1,2,4,5	Education for the Handicapped Act		
69.	ED	25	133	1	School Lunch Program	32,855	
70.	ED-O&M-TR-MR	25-26	134	1,2,4,5	Education Consolidation & Improvement Act (Chapter 2 - Block Grant)	5,955	
71.	ED-O&M-TR-MR	25-26	135	1,2,4,5	EESA - P.L. 98-377, Title II Teacher Skills Improvement	724	
72.	ED-O&M	25	136	1,2	Department of Rehabilitation Services		
73.	ED-O&M-TR-MR	25-26	137	1,2,4,5	Other Grants-In-Aid	4,470	
74.	ED-O&M-TR-MR	25-26	141	1,2,4,5	Federal Revenue Received Through Intermediate Sources		

75.	Total Deductions for Tuition Computation (Line 38 through 74)		$ 336,288
76.	Transfer/tuition payments reported on Lines (14, 18, 19, 21-30 & 33) from flow-through/mini-grants receipts/revenue shown on Lines (13 and 15) and Lines 38-74).		
77.	Net Operating Expense for Tuition Computation (Line 35 minus 75, plus 76)		1,641,946
78.	Add Total Depreciation Allowance (Page 47, Col. F.)		122,297
79.	Total Allowance for Tuition Computation (Line 77 plus Line 78)		1,764,243
80.	Average Daily Attendance (See below)	615.87	
81.	Per Capita Tuition Charge (Line 79 divided by Line 80)		$ 2,864.64

COMPUTATION FOR AVERAGE DAILY ATTENDANCE

The source document for this computation is the General State Aid Entitlement for 1991-1992 (ISBE 50-11) Line 24 615.87

The Notes To Financial Statements is an integral part of this statement.

APPENDIX J

Publications

Publications available from the Department of School Finance, Illinois State Board of Education, 100 N. First Street, N-335, Springfield, Illinois, 62777-0001 (telephone: 217/782-2098).

Annual State Aid Entitlement Statistics, 19xx-19xx, Illinois Public Schools (Published annually).

Assessment of Local Education Agency Staffing Configurations for Internal Controls, December 1989. (Companion publication to the Internal Control Handbook.) (1993 Revision in Process*)

Cash Management Handbook, August 1988.

Guide to Long- and Short-Term Borrowing for Illinois Public School Districts, Revised, November 1990.

Handbook for Class I County School District Treasurers, Revised, January 1991.

Illinois Program Accounting Manual for Local Education Agencies, Revised, February 1990. (1993 Revision in Process*)

Illinois Public Schools Financial Statistics and Local Property Tax Data, 19xx-19xx School Year (Published annually).

Internal Control Handbook, June 1989. (1993 Revision in Process*)

Manual for Township School Trustees, Township School Treasurers, Class II, Cook County, Illinois, 1986.

Preparing for Local Education Agency Audits, September 1986. (1993 Revision in Process*)

Pupil Attendance Accounting Handbook, June 1982. (1993 Revision in Process*)

Self-Evaluation of School Business Functions, Revised, November 1989. (1993 Revision in Process*)

Publications available from the Department of Child Nutrition, Illinois State Board of Education, 100 North First Street, W-270, Springfield, Illinois 62777-0001 (telephone: 217/782-2491).

To secure information about publications available from the Department of Child Nutrition, please contact the Department at the phone number or address above.

Publications available from the Department of Planning, Research and Evaluation, Illinois State Board of Education, 100 North First Street, S-284, Springfield, Illinois 62777-0001 (telephone: 217/782-3950).

The publications available from the Department of Planning, Research and Evaluation are too numerous to be listed in this publication. To secure a list of available publications, please contact the Department at the phone number or address above.

Publications available from the Illinois Department of Revenue, Local Government Services Bureau, 101 West Jefferson Street, L4 SW, Post Office Box 19033, Springfield, Illinois 62794-9033 (telephone: 217/785-7308).

The Illinois Property Tax System, March 1990 (Free).

Property Tax Statistics, Illinois, 19xx (Published annually) (One copy, Free; additional copies, $3.00).

Illinois Real Property Appraisal Manual (with 1990 update) ($35.00; no charge for assessing officials).

Property Tax Course Schedule, 1992 (Free).

Assessment/Sales Ratio Study, Findings of 1989 (One copy free, additional copies, $3.00).

* Revised editions will be mailed to all LEAs when completed.

APPENDIX K

ILLINOIS STATE BOARD OF EDUCATION
Department of School Finance
Finance Section
100 North First Street
Springfield, Illinois 62777-0001

FINANCIAL WATCH CALCULATION METHOD

DISTRICT

Use the amounts from ISBE 50-35, Illinois School District Annual Financial Report, June 30, 1992 (AFR) to calculate the district's financial status. The numbers in the upper right corner of the boxes below designate the AFR page number and field number for the amounts to be entered.

To calculate the district's status, district operating fund balance totals for the Educational; Operation and Maintenance; Transportation; and Working Cash funds are adjusted by subtracting all assets except cash, imprest funds and interfund loans and by adding all liabilities except tax anticipation warrants/notes, state aid certificates, teacher orders and interfund loans.

It should be noted that no adjustments are made to the revenue totals for the Educational; Operation and Maintenance; Transportation; and Working Cash funds.

DESCRIPTION	EDUCATIONAL	OPERATION AND MAINTENANCE	TRANSPORTATION	WORKING CASH	TOTAL
Fund Balance	P.8 - (1569)	P.8 - (1583)	P.8 - (1611)	P.8 - (3262)	
ASSETS: (Subtract)					
Taxes Receivable (account 110)	P.3 - (4)	P.3 - (36)	P.3 - (84)	P.3 - (2819)	
Accounts Receivable (account 120)	P.3 - (5)	P.3 - (37)	P.3 - (85)		
LIABILITIES: (Add)					
Accrued Liabilities (account 400)	P.5 - (3352)	P.5 - (3355)	P.5 - (3360)		
Deferred Revenues (account 474)	P.5 - (27)	P.5 - (58)	P.5 - (105)	P.5 - (2847)	
ADJUSTED TOTALS: (Fund Balance Minus Assets Plus Liabilities)					
Adjusted Fund Balance Totals					**Total A**
REVENUE TOTALS:					
Revenue Totals	P.7 - (2494)	P.7 - (2507)	P.7 - (2534)	P.7 - (3165)	**Total B**

CALCULATION OF FINANCIALLY TROUBLED STATUS

_____ ÷ _____ = _____ *(The district meets the financial watch criteria if this quotient is .05 (5%) or less.)*

Total A *Total B*

ISBE 54-22 (9/92)

APPENDIX L

School Finance Principles

Adopted May 21, 1992

One goal of the Illinois State Board of Education states that:

Every Illinois public school student will attend a school that is supported by an adequate, equitable, stable and predictable system of finance. The following preamble and principles are intended to reflect that goal.

PREAMBLE

The strength and vitality of the state are highly dependent upon the success of its public education system. Because of this, the equitable funding and adequate funding of elementary and secondary education programs are of utmost importance and are therefore the two primary goals addressed in these principles. To ultimately achieve these goals, the state and its citizenry must view education, and the funding of education, as an investment in the future. Education must be the first funding priority each year. It must be set apart from other state programs in order that each child in the state is assured equal educational opportunity.

Since the state has a constitutionally specified primary responsibility to provide financial support for the public schools of Illinois, state funding in support of education must be significantly increased. Just as it is the responsibility of the state to ensure adequate funding, local school districts will be held accountable for the delivery and effectiveness of adequate educational programs.

PRINCIPLE I The state has the responsibility to objectively define an adequate educational program and to determine the cost of providing that program.

> Rationale Education is a function of the state; therefore, it is the state's responsibility to determine the content of a reasonable, basic program. Once a basic program is established, the cost of the program must be determined. The State Board of Education adequacy methodology provides a means for determining this cost.

PRINCIPLE II The system of school funding should guarantee for all public school pupils in Illinois combined state and local financial support sufficient to operate an adequate educational program.

> Rationale A fundamental goal of the State of Illinois is the educational development of all persons to the limits of their capacities. In order to make progress toward the achievement of this goal, the funding of adequate educational programs is a necessity. It has long been the philosophy of the State of Illinois that both state and local revenues be used in combination to provide adequate funding for education. This philosophy provides for decision making within each public school district while providing a regulatory structure at the state level for all schools.

PRINCIPLE III Equity should be approached primarily through the process of "leveling up" per-pupil resources through additional state funding.

> Rationale The primary goal of the Illinois State Board of Education and all local boards of education is to achieve high-quality education for all pupils. The current great disparity in per-pupil support can be reduced by providing additional state funds and by channeling those funds to the districts in the lower portion of the distribution.

PRINCIPLE IV The system of school funding should allow for locally authorized expenditures above the amount guaranteed from combined state and local resources.

> Rationale Local schools should have the right to exert local control over preferences for educational services that exceed state-determined adequate levels and to tax themselves at rates necessary to do so.

PRINCIPLE V The local property tax should continue to be an element of support for elementary and secondary education; therefore, the property tax system must be fair and equitable.

> Rationale Taxpayer equity can be achieved through changes in the current property tax system which would result in more equitable assessment of real property, equalization and collection of property taxes.

PRINCIPLE VI Local school districts should be allowed proportionally equal taxing authority. The permissive maximum tax rates for unit districts should equal the sum of the permissive maximum tax rates of elementary and high school districts.

> Rationale All local school districts should be provided the opportunity to exert the same relative taxing authority. Since a common school education spans both elementary and secondary levels, local districts should be allowed proportionally equal taxing authority.

PRINCIPLE VII In order to access full General State Aid, each local school district should tax at least at a state-determined qualifying local rate. These access rates should be commensurate with the maximum permissive tax rates.

> Rationale Subject to wealth considerations to determine eligibility, local districts should exert a minimum local tax effort in order to qualify for full General State Aid. Districts must be given permissive authority to tax at the qualifying rates.

PRINCIPLE VIII Neither the current permissive taxing authority nor referendum-approved taxing authority of local districts should be reduced.

Rationale The financial support of education at the local level has been of prime importance to the maintenance of the educational system. Currently, property tax extension limitations are in conflict with this principle. As state revenues for education increase, local districts will have the opportunity to provide property tax relief through the voluntary reduction of tax rates.

PRINCIPLE IX The General State Aid formula should be neutral as far as the three types of school district organizations are concerned.

Rationale Incentives or disincentives to school district organizational preference should not be incorporated in the General State Aid formula. Students should not benefit or be deprived on the basis of the type of district they attend due to the preferential distribution of General State Aid.

PRINCIPLE X The General State Aid formula should account for factors beyond the control of local districts which cause differences in real resources or service levels per pupil.

Rationale Equity considerations require that differences such as local wealth per pupil and regional costs be taken into consideration.

PRINCIPLE XI The measure(s) of school district wealth used in the General State Aid formula should be a function of existing sources of local tax revenue to which districts have access.

Rationale The capacity to support education on the local level should be based on sources of revenue available to the local school district.

PRINCIPLE XII General state aid should adjust to the degree of poverty impaction in the school district. The criteria should reasonably measure poverty impaction and should be updated periodically.

Rationale Evidence clearly indicates that children living in poverty cost more to educate equitably. The current Chapter 1 count is neither timely nor accurate. New measure(s) of poverty impaction that can be updated on an annual basis should be developed.

PRINCIPLE XIII Categorical state aid should remain separate from the General State Aid formula. The state should fully fund its share of categorical program costs and, where appropriate, equalize the distribution of those funds.

Rationale For years Illinois has funded General State Aid separately from categoricals. Keeping the funding categories separate will tend to be more easily understood by educators and non-educators alike. Additionally, this funding mechanism permits funds targeted to specific-need students to be more easily tracked. In order for these programs to be effective, it is necessary for them to be fully funded and annually adjusted to reflect actual costs. Equity considerations require equalization of some categorical programs.

PRINCIPLE XIV Revenues for education must be stable, reliable and predictable.

Rationale The state has the responsibility to ensure the continuity of educational programs. Therefore, funding must be stable, reliable and predictable. Currently, the local property tax and state income tax are reliable sources of funds for education and should be maintained.

WORLD-CLASS EDUCATION FOR THE 21ST CENTURY: THE CHALLENGE AND THE VISION

VISION STATEMENT

As we approach the 21st century, there is broad-based agreement that the education we provide for our children will determine America's future role in the community of nations, the character of our society, and the quality of our individual lives. Thus, education has become the most important responsibility of our nation and our state, with an imperative for bold new directions and renewed commitments.

To meet the global challenges this responsibility presents, the State of Illinois will provide the leadership necessary to guarantee access to a system of high-quality public education. This system will develop in all students the knowledge, understanding, skills and attitudes that will enable all residents to lead productive and fulfilling lives in a complex and changing society. All students will be provided appropriate and adequate opportunities to learn to:

- communicate with words, numbers, visual images, symbols and sounds;
- think analytically and creatively, and be able to solve problems to meet personal, social and academic needs;
- develop physical and emotional well-being;
- contribute as citizens in local, state, national and global communities;
- work independently and cooperatively in groups;
- understand and appreciate the diversity of our world and the interdependence of its peoples;
- contribute to the economic well-being of society; and
- continue to learn throughout their lives.

MISSION STATEMENT

The State Board of Education believes that the current educational system is not meeting the needs of the people of Illinois. Substantial change is needed to fulfill this responsibility. The State Board of Education will provide the leadership necessary to begin this process of change by committing to the following goals.

ILLINOIS GOALS

1. Each Illinois public school student will exhibit mastery of the learner outcomes defined in the State Goals for Learning, demonstrate the ability to solve problems and perform tasks requiring higher-order thinking skills, and be prepared to succeed in our diverse society and the global work force.

2. All people of Illinois will be literate, lifelong learners who are knowledgeable about the rights and responsibilities of citizenship and able to contribute to the social and economic well-being of our diverse, global society.

3. All Illinois public school students will be served by an education delivery system which focuses on student outcomes; promotes maximum flexibility for shared decision making at the local level; and has an accountability process which includes rewards, interventions and assistance for schools.

4. All Illinois public school students will have access to schools and classrooms with highly qualified and effective professionals who ensure that students achieve high levels of learning.

5. All Illinois public school students will attend schools which effectively use technology as a resource to support student learning and improve operational efficiency.

6. All Illinois public school students will attend schools which actively develop the support, involvement and commitment of their community by the establishment of partnerships and/or linkages to ensure the success of all students.

7. Every Illinois public school student will attend a school that is supported by an adequate, equitable, stable and predictable system of finance.

8. Each child in Illinois will receive the support services necessary to enter the public school system ready to learn and progress successfully through school. The public school system will serve as a leader in collaborative efforts among private and public agencies so that comprehensive and coordinated health, human and social services reach children and their families.

Developed by citizens of Illinois through a process supported by the Governor, the Illinois State Board of Education and the Illinois Business Roundtable. Adopted as a centerpiece for school improvement efforts.

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ILLINOIS STATE BOARD OF EDUCATION
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Louis Mervis, *Chairman*
Robert Leininger, *State Superintendent*

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